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China New Higher Education Group Limited
中國新高教集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2001)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO (1) DISCLOSEABLE TRANSACTION
SUCCESSFUL BIDDING OF THE ZHENGZHOU SCHOOL
AND
(2) DISCLOSEABLE TRANSACTION
STRATEGIC COOPERATION FRAMEWORK AGREEMENT ON
ESTABLISHING AN EDUCATION INDUSTRY INVESTMENT
TRUST PLAN

References are made to the announcements of China New Higher Education Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) both dated 13 April 2021 (“**Announcements**”). Unless otherwise specified, capitalized terms defined in the Announcements shall have the same meanings when used herein.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Announcements as follows:

(1) INFORMATION IN RELATION TO THE SUCCESSFUL BIDDING OF THE ZHENGZHOU SCHOOL

Upon completion of the acquisition of Zhengzhou School, structured contracts will be entered into, the terms and conditions of such which will be the same as the existing structured contracts of the Company in all material aspects, after which each of the Zhengzhou School and its school sponsor(s) would be treated as a consolidated affiliated entity of the Company.

(2) INFORMATION IN RELATION TO STRATEGIC COOPERATION FRAMEWORK AGREEMENT ON ESTABLISHING AN EDUCATION INDUSTRY INVESTMENT TRUST PLAN

The ultimate beneficial owners of Shanghai AJ Trust Co., Ltd (the “Trust Company”) are Shanghai AJ Group Co. Ltd. (上海愛建集團股份有限公司), Shanghai Aj Import & Export Company Limited (上海愛建進出口有限公司) and Shanghai Aijian Textile Co., Ltd. (上海愛建紡織品有限公司), holding approximately 99.34%, 0.33% and 0.33% of shares in the Trust Company respectively. Shanghai AJ Group Co. Ltd. is a company established under the laws of the PRC listed on the Shanghai Stock Exchange (stock code: 600643), its substantial shareholders include Shanghai Junyao (Group) Co., Ltd. (上海均瑤(集團)有限公司), Shanghai Business Special Patriotic Construction Foundation (上海工商界愛國建設特種基金會) and Guangzhou Industry Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司).

To facilitate the Company’s development strategy of expanding private higher education business, the aggregate capital size of the Trust, i.e. RMB2 billion has mainly taken into account the Company’s school network expansion plan in the coming 2 to 3 years, as well as the scale of funding required to acquire and construct new schools. At the same time, in order to ensure the control over the investment target and facilitate the future financing operations of the trust, after deliberation with the Trust Company, the ratio of the Company’s investment has preliminarily been determined to be 60%, which is normal commercial practice.

The investment to be targeted by the Trust will focus on newly constructed schools and merger and acquisitions of schools in the Company’s specialized field of higher vocational education. The investment would include comprehensive use of equity and debt methods based on the relevant investment stage(s).

The Company and/or its affiliated entities have leading control in the operation of the Trust. The selection of trust investment targets and the determination of external investors are determined by the Company. It is intended to have third party investor contributing to the Trust, but currently there is no specific investor in this regard. The Trust Company, being the trustee and manager of the trust, will not participate in the capital contribution of the Trust, and will mainly benefit the Company through its advantages in fundraising. The Company’s committed capital contribution which is capped at RMB1.2 billion, and the remaining amount of the Trust’s capital will be contributed by external investor(s). The Company’s subsequent instalments to the committed capital contribution would mainly be determined based on the condition of upcoming projects and its own cashflow.

According to the PRC laws, the establishment of legal trusts does not constitute a new legal entity and thus legally the Trust will not become a subsidiary of the Company. In terms of accounting treatment, the Trust will be consolidated to the Group as a structured entity in accordance with applicable accounting standards, i.e. HKFRS10 as the Company has controlling interest in the Trust.

The supplementary information set out in this announcement does not affect other information contained in the Announcements and, save as disclosed in this announcement, the contents of the Announcements remain unchanged.

By order of the board of
China New Higher Education Group Limited
Li Xiaoxuan
Chairman

Hong Kong, 19 April 2021

As at the date of this announcement, our executive Directors are Mr. Li Xiaoxuan, Mr. Zhao Shuai and Ms. Shen Chunmei, and the independent non-executive Directors are Mr. Hu Jianbo, Mr. Kwong Wai Sun Wilson, Mr. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.