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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)**

**DISCLOSEABLE TRANSACTION**  
**COMPLETION IN SUCCESSFUL BIDDING OF THE ZHENGZHOU**  
**SCHOOL**

**COMPLETION IN SUCCESSFUL BIDDING OF THE ZHENGZHOU SCHOOL**

References are made to the announcements of the Company dated 13 April 2021 and 19 April 2021 in relation to Zhengzhou New Higher Education's successful bidding of the Zhengzhou School by way of internet auction through Alibaba Judicial Auction\* (淘寶網司法拍賣網絡平台) published by the Intermediate People's Court of Zhengzhou, Henan Province\* (河南省鄭州市中級人民法院) (the "Court") at a consideration of RMB673,516,600 (the "Announcements"). Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

The Board is pleased to announce that Zhengzhou New Higher Education has obtained all necessary approvals and completed the acquisition of the Zhengzhou School on 28 September 2021 where Zhengzhou New Higher Education became the sole school sponsor of the Zhengzhou School.

**EIGHTH SUPPLEMENTAL AGREEMENT**

On 28 September 2021, Zhengzhou New Higher Education, Beijing New Higher Education the company holding 100% equity interest of Zhengzhou New Higher Education and a wholly owned subsidiary of Yun Ai Group, the Zhengzhou School and the newly appointed directors of the Zhengzhou School designated by Zhengzhou New Higher Education entered into the Eighth Supplemental Agreement with Huihuang Company, Yun Ai Group, and the registered shareholders of Yun Ai Group, to reflect the Group's acquisition of the interest in Zhengzhou School. Upon entering into of the Eighth Supplemental Agreement, Zhengzhou School shall become an entity controlled by the Company and its results of operations shall be consolidated into the Group's results of operations.

The Eighth Supplemental Agreement, as a supplemental agreement to the New Structured Contracts, will be entered into mainly (i) to reflect the Group's acquisition of interest in the Zhengzhou School where, upon completion of the acquisition of the Zhengzhou School, the rights and obligations of the relevant parties shall be subject to the terms and conditions of the New Structured Contracts which will enable the Company to extend control over the Zhengzhou School; and (ii) to provide an efficient and cost-saving solution to facilitate the execution of the New Structured Contracts so that validity of the New Structured Contracts will not be affected or impaired by the Group's acquisition of interest in the Zhengzhou School.

#### **LISTING RULES IMPLICATIONS**

As explained and disclosed in the announcement of the Company dated 26 August 2019, the New Structured Contracts, as a whole, constitute continuing connected transactions of the Company under the Listing Rules. Thus, the Eighth Supplemental Agreement constitutes a material change to the terms of the New Structured Contracts.

#### **COMPLETION IN SUCCESSFUL BIDDING OF THE ZHENGZHOU SCHOOL**

References are made to the announcements of the Company dated 13 April 2021 and 19 April 2021 in relation to Zhengzhou New Higher Education's successful bidding of the Zhengzhou School by way of internet auction through Alibaba Judicial Auction\* (淘寶網司法拍賣網絡平台) published by the Intermediate People's Court of Zhengzhou, Henan Province\* (河南省鄭州市中級人民法院) (the "Court") at a consideration of RMB673,516,600 (the "Announcements"). Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

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#### **EIGHTH SUPPLEMENTAL AGREEMENT**

On 28 September 2021, Zhengzhou New Higher Education, Beijing New Higher Education (the company holding 100% equity interest of Zhengzhou New Higher Education and a wholly owned subsidiary of Yun Ai Group), Zhengzhou School and the newly appointed directors of the Zhengzhou School designated by Zhengzhou New Higher Education entered into the Eighth Supplemental Agreement with Huihuang Company, Yun Ai Group, and the registered shareholders of Yun Ai Group, to reflect the Group's acquisition of the interest in Zhengzhou School. Upon entering into of the Eighth Supplemental Agreement, the Zhengzhou School shall become an entity controlled by the Company and its results of operations shall be consolidated into the Group's results of operations.

The principal terms of the Eighth Supplemental Agreement are set out below:

- (1) since the date of the Eighth Supplemental Agreement, each of Zhengzhou New Higher Education, Beijing New Higher Education and the Zhengzhou School, as a party to the New Structured Contracts, shall assume the rights and obligations under the New Structured Contracts (including all its supplemental agreements as at the same date) as an entity wholly-owned by Yun Ai Group;
- (2) since the date of the Eighth Supplemental Agreement, the newly appointed directors of the Zhengzhou School, as parties to the New Structured Contracts, shall assume the rights and obligations under the New Structured Contracts (including all its supplemental agreements as at the same date) as the directors of the Zhengzhou School designated by Zhengzhou New Higher Education, the sole school sponsor of the Zhengzhou School;
- (3) a school sponsor's power of attorney has been executed by Zhengzhou New Higher Education, authorizing Huihuang Company or parties designated by Huihuang Company to assume the rights as the school sponsor of the Zhengzhou School, and a director's power of attorney has been executed by each of the directors of the Zhengzhou School designated by Zhengzhou New Higher Education, authorizing Huihuang Company or parties designated by Huihuang Company to assume the rights as the directors of the Zhengzhou School designated by Zhengzhou New Higher Education;
- (4) where applicable, in case the validity of any of the New Structured Contracts is affected or impaired by the newly adjusted and assumed rights and obligations, each party to the agreement agreed that the New Structured Contracts shall remain effective, and undertook to procure the other signatories to the New Structured Contracts to cooperate with the signing of relevant agreements and related matters, so as to ensure that the New Structured Contracts continue to take effect; and
- (5) the Eighth Supplemental Agreement shall not be changed, altered, supplemented or amended except as otherwise executed by parties in written agreement. No party shall assign its rights or obligations under the Eighth Supplemental Agreement without the prior written consent of all the other parties thereof.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EIGHTH SUPPLEMENTAL AGREEMENT**

The Eighth Supplemental Agreement, as a supplemental agreement to the New Structured Contracts, will be entered into mainly (i) to reflect the Group's acquisition of interest in the Zhengzhou School where, upon completion of the acquisition of the Zhengzhou School, the rights and obligations of the relevant parties shall be subject to the terms and conditions of the New Structured Contracts which will enable the Company to extend control over the Zhengzhou School; and (ii) to provide an efficient and cost-saving solution to facilitate the execution of the New Structured Contracts so that validity of the New Structured Contracts will not be affected or impaired by the Group's acquisition of interest in the Zhengzhou School.

Henan Province has the largest source of students in the PRC with a high demand for higher education. In recent years, the GDP of Henan Province has been ranking fifth in the PRC. The Zhengzhou School is located in the capital of Henan Province, allowing it to have competitive advantages in terms of enrollment and teacher attraction and to radiate to the whole province of Henan. It is expected that Zhengzhou School will have great potential for growth in the future, further enhancing the Group's market share in the province with the largest student enrollment.

Given the Zhengzhou School's satisfactory basic conditions, upon the completion of the acquisition, the Group will fully leverage its strengths of centralized school operation and integrate resources to empower Zhengzhou School, further improve the operation condition and school management quality of the Zhengzhou School and cultivate more high-quality technical talents for regional economic and social development. Upon entering into of the Eighth Supplemental Agreement, the Zhengzhou School will become an entity controlled by the Group and its operating results will be consolidated into that of the Group.

The Directors (including the independent non-executive Directors) consider that the Eighth Supplemental Agreement has been entered into on normal commercial terms, and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

As explained and disclosed in the announcement of the Company dated 26 August 2019, the New Structured Contracts, as a whole, constitute continuing connected transactions of the Company under the Listing Rules. Thus, the Eighth Supplemental Agreement constitutes a material change to the terms of the New Structured Contracts.

After consultation with the Company's PRC Legal Advisors, the Directors (including the independent non-executive Directors) are of the view that the Eighth Supplemental Agreement will be entered into only to reflect the Group's acquisition of interest in the Zhengzhou School, which will not affect the terms and conditions of the New Structured Contracts, and therefore the entering into of the Eighth Supplemental Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li, the founder, one of the controlling shareholders, chairman of the Board and an executive Director of the Company, who owns Songming Dexue, one of the parties to the Eighth Supplemental Agreement, is considered to have a material interest in the Eighth Supplemental Agreement. Mr. Li has abstained from voting on the resolutions in relation to the Eighth Supplemental Agreement proposed to the Board. Save as disclosed above, none of the Directors has a material interest in the Eighth Supplemental Agreement or has abstained from voting on the resolutions.

## **CONSOLIDATED FINANCIAL RESULTS OF THE ZHENGZHOU SCHOOL AND THE EIGHTH SUPPLEMENTAL AGREEMENT**

According to HKFRSs 10 – Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although the Company does not directly or indirectly own the Zhengzhou School, the Eighth Supplemental Agreement as mentioned above enables the Company to exercise control over the Zhengzhou School.

### **FINANCIAL INFORMATION OF THE ZHENGZHOU SCHOOL**

According to the valuation report provided by the Court which was prepared by a qualified valuer designated by the Court for the purpose of the valuation of the entire interest of shareholders of Zhengzhou School in the court auction, (i) the net asset value of the Zhengzhou School as at 31 December 2020 in accordance with the China Accounting Standards amounted to approximately RMB177.09 million; (ii) the net profits attributable to the Zhengzhou School for the years ended 31 December 2019 and 31 December 2020 in accordance with the China Accounting Standards amounted to approximately RMB0.65 million and RMB4.97 million, respectively; and (iii) based on the income approach the overall valuation price of the Zhengzhou School amounted to approximately RMB673.52 million.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Beijing New Higher Education”	Beijing New Higher Education Science and Technology Development Co., Ltd.* (北京新高教科技發展有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Yun Ai Group
“Eighth Supplemental Agreement”	the supplemental agreement to the New Structured Contracts dated 28 September 2021 and entered into by and among Zhengzhou New Higher Education, Beijing New Higher Education, the Zhengzhou School, the newly appointed directors of the Zhengzhou School designated by Zhengzhou New Higher Education, Huihuang Company, Yun Ai Group, and the registered shareholders of Yun Ai Group as at the date of the agreement, to reflect the Group’s acquisition of the Zhengzhou School
“Huihuang Company”	Tibet Daai Huihuang Information and Technology Co., Ltd.* (西藏大愛輝煌信息科技有限公司), a limited liability company established on 5 August 2016 under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Mr. Li”	Mr. Li Xiaoxuan (李孝軒), the founder, one of the controlling shareholders, chairman of the Board and an executive Director of the Company
“New Structured Contracts”	has the meaning ascribed to it in the announcement of the Company dated 26 August 2019, as amended and supplemented from time to time
"Zhengzhou New Higher Education"	Zhengzhou New Higher Education Technology Limited* (鄭州新高教教育科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Songming Dexue”	Songming Dexue Education Development Co., Ltd.* (嵩明德學教育發展有限公司), a limited liability company established under the laws of the PRC on 17 April 2019 and wholly owned by Mr. Li
“Yun Ai Group”	Yunnan Einsun Education Investment Group Co., Ltd.* (雲南愛因森教育投資集團有限公司), a limited liability company established under the laws of the PRC on 19 September 2005, and owned as to 70.8305% by Songming Dexue, 20.0568% by Kunming Paiduipai Economic Information Consultancy Co., Ltd.* (昆明排對排經濟信息諮詢有限公司), 5.7305% by Kunming Bamupu Technology Co., Ltd.* (昆明巴木浦科技有限公司) and 3.3822% by Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd.* (嵩明中益企業管理諮詢服務有限公司)

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

Hong Kong, 28 September 2021

*As at the date of this announcement, the 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.*

\* *For identification purposes only*