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## **CHINA EAST EDUCATION HOLDINGS LIMITED**

### **中國東方教育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 667)**

## **CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS**

### **TENANCY AGREEMENT I**

Reference is made to the prospectus of the Company dated 30 May 2019 in connection with the Existing Tenancy Agreement entered into between New East Culinary Institute (as landlord) and School of Clinical Medicine (as tenant) on 25 December 2018 in relation to the Premise I for use as a campus of School of Clinical Medicine. As the Existing Tenancy Agreement will expire on 31 July 2020, on 30 July 2020, New East Culinary Institute and School of Clinical Medicine entered into the Tenancy Agreement I in relation to the Premise I for a term of one year from 1 August 2020 to 31 July 2021.

### **TENANCY AGREEMENT II**

On 30 July 2020, Anhui Wontone (as landlord) and School of Clinical Medicine (as tenant) entered into Tenancy Agreement II in relation to the Premise II for use as a dormitory of School of Clinical Medicine for a term of one year from 1 August 2020 to 31 July 2021.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. WU Junbao is a non-executive Director and a controlling shareholder of the Company. The composition of the majority of the board of directors of School of Clinical Medicine is controlled by China Xinhua Education Group Limited, which is controlled by Mr. WU Junbao. Therefore, School of Clinic Medicine is an associate of Mr. WU Junbao and a connected person of the Company. As such, the transactions contemplated under each of the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Tenancy Agreements have been aggregated for the Listing Rules purposes on the basis that they all relate to lending premises as the campus and dormitory of School of Clinical Medicine by the Group.

As the highest percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in relation to the annual caps for the Tenancy Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the prospectus of the Company dated 30 May 2019 in connection with the Existing Tenancy Agreement entered into between New East Culinary Institute (as landlord) and School of Clinical Medicine (as tenant) on 25 December 2018 in relation to the Premise I for use as a campus of School of Clinical Medicine. As the Existing Tenancy Agreement will expire on 31 July 2020, on 30 July 2020, New East Culinary Institute and School of Clinical Medicine entered into the Tenancy Agreement I in relation to the Premise I for a term of one year from 1 August 2020 to 31 July 2021.

On 30 July 2020, Anhui Wontone (as landlord) and School of Clinical Medicine (as tenant) entered into Tenancy Agreement II in relation to the Premise II for use as a dormitory of School of Clinical Medicine for a term of one year from 1 August 2020 to 31 July 2021.

## **TENANCY AGREEMENT I**

The principal terms of the Tenancy Agreement I are set out below:

Date: 30 July 2020

Parties: New East Culinary Institute (as landlord)

School of Clinical Medicine (as tenant)

Premise I: A premise located at Guanjing Road, Xiangshan Road, Professional Education Town, Yaohai District, Hefei, Anhui province, the PRC, with a total gross floor area of 30,891.77 square meters

Term: One year from 1 August 2020 to 31 July 2021

Monthly rental: RMB500,000

The rental was determined after arm's length negotiations between the parties with reference to the prevailing market rental prices of comparable properties in the vicinity.

Payment terms: Rental shall be payable by two instalments:

By 1 August 2020: RMB3 million for rental from 1 August 2020 to 31 January 2021

By 1 February 2021: RMB3 million for rental from 1 February 2021 to 31 July 2021

## **TENANCY AGREEMENT II**

The principal terms of the Tenancy Agreement II are set out below:

Date: 30 July 2020

Parties: Anhui Wontone (as landlord)

School of Clinical Medicine (as tenant)

Premise II: No more than 174 rooms of dormitory building No.8 at the campus of Anhui Wontone which is located at 699 Xuelin Road, Xinzhan District, Hefei, Anhui province, the PRC, subject to the number of rooms actually used by the tenant

Term: One year from 1 August 2020 to 31 July 2021

Monthly rental: No more than RMB174,000, subject to the number of rooms actually used by the tenant

The rental was determined after arm's length negotiations between the parties with reference to the prevailing market rental prices of comparable properties in the vicinity.

Prepayment: RMB50,000, which will be used as security deposit for public property after tenant moves in

Payment terms: Rental shall be payable by two instalments:

Within five working days after delivery of Premise II to tenant: RMB1,044,000

By 1 March 2021: RMB1,044,000

## REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS AND THE ANNUAL CAPS

A new campus of School of Clinical Medicine is under construction. Phase one of such new campus is expected to be put into operation on 1 September 2021. Considering that (i) the Premise I and II are currently not utilized by the New East Culinary Institute and Anhui Wontone; (ii) leasing out the Premise I and II is of economic benefit to our Group; and (iii) the principal business of the tenant is also education, New East Culinary Institute (as landlord) and School of Clinical Medicine (as tenant) entered into the Tenancy Agreement I and Anhui Wontone (as landlord) and School of Clinical Medicine (as tenant) entered into the Tenancy Agreement II.

The annual caps for the annual total amounts receivable by the Group under the Existing Tenancy Agreement and Tenancy Agreements, as calculated with reference to the historical amounts, and the rents and prepayment receivable accounted for on actual cash basis, for the years of 2020 and 2021 will be as follows:

	<b>Approximate Annual Amount Receivable</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Existing Tenancy Agreement	Rental: 4,200,000	–
Tenancy Agreement I	Rental: 3,000,000	Rental: 3,000,000
Tenancy Agreement II	Rental: 1,044,000	Rental: 1,044,000
	Prepayment: 50,000	–
<b>Annual Caps</b>	<b>8,294,000</b>	<b>4,044,000</b>

The Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreements are entered into on normal commercial terms and the Tenancy Agreements and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Mr. WU Junbao is considered to have an interest in the transactions contemplated under the Tenancy Agreements, and had abstained from voting on the relevant Board resolution to approve the Tenancy Agreements. Save for the above, none of the Directors has a material interest in the transactions contemplated under the Tenancy Agreements, and is required to abstain or had abstained from, voting on the relevant Board resolutions to approve the Tenancy Agreements.

## **INFORMATION OF THE GROUP AND SCHOOL OF CLINICAL MEDICINE**

The Group is principally engaged in providing vocational training education in the PRC.

School of Clinical Medicine is principally engaged in providing formal higher education in Hefei, Anhui province, the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. WU Junbao is a non-executive Director and a controlling shareholder of the Company. The composition of the majority of the board of directors of School of Clinical Medicine is controlled by China Xinhua Education Group Limited, which is controlled by Mr. WU Junbao. Therefore, School of Clinic Medicine is an associate of Mr. WU Junbao and a connected person of the Company. As such, the transactions contemplated under each of the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Tenancy Agreements have been aggregated for the Listing Rules purposes on the basis that they all relate to lending premises as the campus and dormitory of School of Clinical Medicine by the Group.

As the highest percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in relation to the annual caps for the Tenancy Agreements exceeds 0.1% but is less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate”	has the meaning as ascribed to it under the Listing Rules
“Anhui Wontone”	Anhui Wontone Automobile Maintenance Institute (安徽萬通汽車專修學院), a subsidiary of the Group
“Board”	the board of Directors
“Company”	China East Education Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 667)
“connected person”	has the meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated 25 December 2018 entered into between New East Culinary Institute and School of Clinical Medicine in relation to the Premise I
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New East Culinary Institute”	Anhui New East Culinary Institute (安徽新東方烹飪專修學院), a subsidiary of the Group
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Premise I”	a premise located at Guanjing Road, Xiangshan Road, Professional Education Town, Yaohai District, Hefei, Anhui province, the PRC, with a total gross floor area of 30,891.77 square meters
“Premise II”	no more than 174 rooms of dormitory building No.8 at the campus of Anhui Wontone which is located at 699 Xuelin Road, Professional Education Town, Yaohai District, Hefei, Anhui province, the PRC, subject to the number of rooms actually used by the tenant
“RMB”	Renminbi dollars, the lawful currency of the PRC
“School of Clinical Medicine”	School of Clinical Medicine of Anhui Medical University (安徽醫科大學臨床醫學院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	collectively, Tenancy Agreement I and Tenancy Agreement II
“Tenancy Agreement I”	the tenancy agreement dated 30 July 2020, entered into between New East Culinary Institute and School of Clinical Medicine in relation to the Premise I

“Tenancy Agreement II” the tenancy agreement dated 30 July 2020, entered into between Anhui Wontone and School of Clinical Medicine in relation to the Premise II

“%” per cent

By order of the Board of  
**China East Education Holdings Limited**  
**WU Wei**  
*Chairman*

Hong Kong, 30 July 2020

*As at the date of this announcement, the Board comprises Mr. WU Wei and Mr. XIAO Guoqing as executive Directors; Mr. WU Junbao and Mr. LU Zhen as non-executive Directors; and Mr. HUNG Ka Hai, Clement, Mr. CHEUNG Tsun Yung, Thomas and Dr. ZHU Guobin as independent non-executive Directors.*