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21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited

中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

MAJOR TRANSACTION

ACQUISITION OF TARGET SCHOOL THROUGH THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES

THE ACQUISITION

The Board is pleased to announce that on 28 September 2021 (after trading hours), the Purchasers and the Vendors, the Guarantors and the Beneficial Owners entered into the Share Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to sell and the Purchasers have conditionally agreed to acquire the equity interests in the Target Company and the Debt at the aggregate consideration of RMB410 million, among which (i) approximately RMB202.2 million is the consideration for the Share Transfer; and (ii) approximately RMB207.8 million is the consideration for the Debt Assignment. The payment of the Consideration shall be satisfied (i) as to sums of RMB360 million by Cash Consideration (among which approximately RMB152.2 million is for settlement of part of the consideration for the Share Transfer, and approximately RMB207.8 million is for settlement of the consideration for the Debt Assignment); and (ii) as to RMB50 million by the allotment and issue of Consideration Shares (being the remaining part of the consideration of the Share Transfer).

Upon Completion, (i) the Purchasers will own 100% sponsor interest in the Target School and 100% of the equity interests in the Target Company; and (ii) the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target School and the Target Company will be consolidated into the Group's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition, when calculated on an aggregated basis as mentioned above, is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and thus no Shareholder would be required to abstain from voting at a general meeting if such a general meeting were to be convened.

The Company has obtained written Shareholders' approval for the Acquisition pursuant to Rule 14.44 of the Listing Rules from Sainange Holdings, the controlling shareholder of the Company which currently holds 754,590,000 Shares (representing approximately 64.65% of the issued share capital of the Company as at the date of this announcement) and Sainray Limited which currently holds 92,736,000 Shares (representing approximately 7.95% of the issued share capital of the Company as at the date of this announcement). Accordingly, no Shareholders' meeting will be held to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules.

A circular (for information purposes only) containing, *inter alia*, further details of the Acquisition will be despatched to the Shareholders on or before 26 October 2021 so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the circular.

Shareholders and potential investors should note that the Acquisition is subject to the satisfaction and/or, where applicable, waiver of a number of conditions. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 28 September 2021 (after trading hours), the Purchasers and the Vendors, the Guarantors and the Beneficial Owners entered into the Share Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to sell and the Purchasers have conditionally agreed to acquire the equity interests in the Target Company and the Debt at the aggregate consideration of RMB410 million, among which (i) approximately RMB202.2 million is the consideration for the Share Transfer; and (ii) approximately RMB207.8 million is the consideration for the Debt Assignment. The payment of the Consideration shall be satisfied (i) as to sums of RMB360 million by Cash Consideration (among which approximately RMB152.2 million is for settlement of part

of the consideration for the Share Transfer, and approximately RMB207.8 million is for settlement of the consideration for the Debt Assignment); and (ii) as to RMB50 million by the allotment and issue of Consideration Shares (being the remaining part of the consideration of the Share Transfer).

THE SHARE TRANSFER AGREEMENT

Date: 28 September 2021 (after trading hours)

Parties

- (1) The Vendors
- (2) The Beneficial Owners
- (3) The Guarantors
- (4) The Purchasers

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Vendors, the Guarantors and the Beneficial Owners is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Nature of the transaction and assets to be acquired by the Purchasers

Pursuant to the Share Transfer Agreement, the Purchasers have conditionally agreed to acquire (i) the entire equity interests of the Target Company from the Vendors; and (ii) the Debt, which shall be assigned to the Purchasers by the Assignors. Upon Completion, (i) the Purchasers will own 100% sponsor interest in the Target School and 100% of the equity interests in the Target Company; and (ii) the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target School and the Target Company will be consolidated into the Group's consolidated financial statements.

Consideration

Pursuant to the Share Transfer Agreement, the Purchasers shall pay the aggregate consideration of RMB410 million, among which (i) approximately RMB202.2 million is the consideration for the Share Transfer; and (ii) approximately RMB207.8 million is the consideration for the Debt Assignment.

The payment of the Consideration shall be satisfied (i) as to sums of RMB360 million by Cash Consideration (among which approximately RMB152.2 million is for settlement of part of the consideration for the Share Transfer, and approximately RMB207.8 million is for settlement of the consideration for the Debt Assignment); and (ii) as to RMB50 million by the allotment and issue of Consideration Shares (being the remaining part of the consideration of the Share Transfer).

The parties agreed that the Cash Consideration shall be used for settlement of the portion of the consideration to be settled by cash for the Share Transfer first (i.e. approximately RMB152.2 million), before it is used for the settlement of the Debt Assignment (i.e. approximately RMB207.8 million). The payment of the first instalment of the Cash Consideration should first pay as cash consideration for the Share Transfer. The Group intends to pay the Cash Consideration with the Group's internal resources and bank loans.

Payment arrangements

The Cash Consideration will be paid by the Company by three instalments as follows:

Setting up of Joint Account

The parties to the Share Transfer Agreement shall within 10 working days from the date of the said agreement set up a jointly controlled bank account under the name of Zeji Cultural (the “**Joint Account**”). Within 3 working days upon fulfilling, among others, the following conditions, the Purchasers shall transfer the first instalment of Cash Consideration of RMB278 million into the Joint Account:

1. The Company has in accordance with the Listing Rules obtained the approval by the Shareholders at a general meeting or written Shareholders' approval for the Acquisition;
2. The Target Company has obtained the approval of its shareholders on the following:
 - a. approving the Share Transfer;
 - b. election of directors and supervisors nominated by the Purchasers;
 - c. approving the amendments of the articles of association of the Target Company; and
3. The Target Company and the Target School have executed the documents in relation to the new articles of association, board of directors and school principal and legal representative.

All parties confirm that the aforesaid conditions should be fulfilled within 30 days from the date of the Share Transfer Agreement. If any of these conditions cannot be satisfied within 60 days after the date of the Share Transfer Agreement, either party has the right to terminate this agreement, and shall not be liable for breach of contract.

First Instalment

The Vendors shall cooperate with the Purchasers to transfer (i) the portion of the consideration of the Share Transfer to be settled by cash (i.e. RMB152.2 million) from the Joint Account to the designated account of the Vendors; and (ii) the remaining portion of the first instalment (i.e. after deduction of the said cash consideration of the Share Transfer, being RMB125.8 million) from the Joint Account to another account designated for settlement of the Debt Assignment (the “**Recipient Account for Debt Assignment**”) within 5 working days upon fulfilling, *inter alia*, the following conditions:

1. the Company has obtained clearance letter from the Stock Exchange on the circular of the Acquisition;
2. the Target Company has completed the relevant Share Transfer registration procedures and obtained the updated register of shareholders, which shall record the Purchasers being the only shareholders of the Target Company;
3. the Target Company has completed the filing procedures of the changes in its directors, supervisors and articles of association and obtained the latest business certificate and relevant filing record;
4. the Target Company has completed the registration or filing procedures for the change of actual controller (if required), new articles of association, new board members, principal and legal representative of the Target School, and the Target School has obtained the renewed school permit and registration certificate of private non-enterprise unit; and
5. the Target Company has handed over the business certificate, company chops and other financial information as set out in the handover list to the Purchasers.

All parties should confirm that the conditions for payment of the first instalment of Cash Consideration should be fulfilled within 90 days from the date of the Share Transfer Agreement.

Second Instalment

The Purchasers shall within 3 working days upon fulfilling, among others, the following conditions, transfer the second instalment of the Cash Consideration in the sum of RMB41 million into the Recipient Account for Debt Assignment:

1. 10 months has passed since the fulfillment of conditions of the first instalment of Cash Consideration; and
2. the Target School has completed all government approval and filing procedures for relevant buildings and obtained relevant real estate certificates. The Vendors and the Purchasers shall use their best endeavours to assist the Target School to obtain the said real estate certificates.

Third Instalment

The Purchasers shall within 3 working days from the anniversary of fulfillment of conditions of the second instalment of Cash Consideration, transfer the third instalment of the Cash Consideration in the sum of RMB41 million into the Recipient Account for Debt Assignment.

Consideration Shares

The Company will issue 109,391,956 Consideration Shares at the Issue Price as part of the Consideration for the Acquisition. The Consideration Shares will be issued and allotted under the General Mandate. The Directors were authorised to allot and issue up to 233,443,200 new Shares pursuant to the General Mandate. Up to the date of this announcement, no Share has been issued under the General Mandate, leaving the balance of the General Mandate of 233,443,200 Shares. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to any approval by the Shareholders. The Company had not conducted any equity fund raising activities in the twelve months immediately preceding the date of this announcement.

The number of Consideration Shares represents approximately 9.37% of the total issued share capital of the Company as at the date of this announcement and assuming no further Shares shall be issued, approximately 8.57% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

Issue Price

The Issue Price of HK\$0.55 per Consideration Share represents:

- (i) the same as the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the date of the Share Transfer Agreement;
- (ii) a premium of approximately 7.84% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.51 per Share; and
- (iii) a premium of approximately 8.27% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.508 per Share.

Application for Listing of Consideration Shares

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange.

Conditions to the issuance of the Consideration Shares

The Purchasers shall, within 3 working days upon fulfilling the following conditions, commence the procedure for the allotment and issuance of the Consideration Shares to the Vendors and shall complete the same within one year therefrom:

1. the conditions with respect to the first instalment of the Cash Considerations have been fully complied with; and
2. the Vendors or its designated entities have completed the foreign exchange registration under PRC laws and regulations and have provided foreign exchange registration documents and details of the offshore entities receiving the Consideration Shares.

Lock-up period of the Consideration Shares

The Consideration Shares issued by the Company to the Vendors shall be subject to the lock-up period of two years during which each of the Vendors cannot by way of any means transfer any of such Consideration Shares.

The Consideration Shares, credited as fully paid when allotted and issued, will rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of the allotment and issuance of the Consideration Shares. Holders of such Consideration Shares shall be entitled to receive all future dividends and distributions that are declared after the date of the allotment and issuance of the Consideration Shares.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiation between the Purchasers and the Vendors, having regard to, including but not limited to, (i) the original acquisition costs of the land where the Target School was located; (ii) the geographical location of the Target School, which was rather convenient for students in the Chongqing and Chengdu areas; (iii) the branding and historical performance of the Target School, including the number of students enrollment, the employment opportunities and the prospect of the graduates; (iv) the market value of the properties of the Target School amounting to approximately RMB430.9 million as at 31 July 2021 pursuant to a draft property valuation report prepared by an independent valuer; and (v) the benefits and synergistic effect that the Acquisition can bring to the Group.

The Issue Price of HK\$0.55 per Consideration Share is determined after arm's length negotiation between the Company and the Vendors, with reference to the 5-day average closing price of the Shares before the date of the Share Transfer Agreement and the closing price of the Shares on the date of Share Transfer Agreement (whichever is the higher). The Issue Price represents a premium of approximately 10.52% over the average closing price of approximately HK\$0.50 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

The Board considered that the Issue Price is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

Loan and Guarantee from the Purchasers to the Target School

After the registration and filing procedures of the Share Transfer have been completed, and the updated register of members and business certificate are issued and obtained, upon the Vendors reaching a consensus with relevant financial institutions on releasing their guarantee given under an existing financial guarantee entrustment contract entered into by the Target School, the Purchasers agree to repay all debts under a fixed asset loan contract entered into by the Target School and a financial institution using the current bank balance of the account of the Target School, and assist the Vendors in releasing the guarantees given by the Vendors and its related parties under the financial guarantee entrustment contract. If the Target School is short of capital to fully repay the said fixed asset loan, the Purchasers agree to provide a loan to the Target School solely for the purpose of settling the shortfall.

Undertakings given to the Vendors

Mr. Li Yunong, the chairman of the Board, an executive Director and a controlling shareholder of the Company, has given an undertaking in favour of the Vendors that he shall undertake an irrevocable joint guarantee liability with respect to the payment obligation of the Purchasers to the Vendors of the second and third instalments of the Cash Consideration and the cash payment of RMB50 million in the event the Consideration Shares cannot be issued and allotted as contemplated.

STRUCTURE OF THE TARGET COMPANY AND THE TARGET SCHOOL UPON COMPLETION

Upon Completion, the sponsor interest of the Target School will remain to be wholly-owned by the Target Company, and the Target Company will be 100% held by the Purchasers. Among others, the Purchasers and the Target School will enter into the structured contracts with Sheng Dao Xiang Cheng, the terms and conditions of which shall be the same as the existing structured contracts in all material aspects, upon which the Target Company will be treated as an indirect wholly-owned subsidiary of the Company and the Target School's and Target Company's results of operations will be consolidated into the Group's results of operations. The Company will publish further announcement(s) according to the Listing Rules and the Guidance Letter HKEx-GL77-14 issued by the Stock Exchange upon Completion.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Below please find the summary of financial figures of the Target Company provided by the Vendors:

	For the year ended 31 December 2019 (RMB'000) (unaudited)	For the year ended 31 December 2020 (RMB'000) (unaudited)	For the four months ended 30 April 2021 (RMB'000) (unaudited)
Revenue	23,213	40,693	18,251
(Loss)/Profit before tax	(4,262)	(696)	3,772
(Loss)/Profit after tax	(4,262)	(696)	3,772

In accordance to the information provided by the Vendors, as at 30 April 2021, the unaudited total assets and the unaudited net asset value of the Target Company were RMB445.1 million and negative RMB21.5 million, respectively. Based on the draft property valuation report prepared by an independent valuer, the market value of the properties of the Target Company as at 31 July 2021 is approximately RMB430.9 million, which is not reflected in the Target Company's financial information as at 30 April 2021.

INFORMATION ON THE TARGET COMPANY AND THE TARGET SCHOOL

The Target Company is a company established in the PRC with limited liability. It is the sole sponsor of the Target School. The Target School was established in 2015 and located in the Dazu District of Chongqing, one of the four municipalities directly under the PRC government, and enjoyed an overall geographic advantage. Chengdu-Chongqing High-speed Railway, a new planned middle distance railway, had been approved for construction and one of the stations will be set at Dazu Shike, close to the Target School. Chengdu-Chongqing High-speed Railway is expected to be in run in 2025, making it rather convenient for students from those areas.

The Target School covers an area of 438 mu, with the relevant land certificates already obtained. The current gross floor area is 78,000 square meters, and the Target School has planned to expand to 120,000 square meters with a capacity of 10,000 students in the next 3 to 5 years. It may reach its limit of 290,000 square meters depending on the future numbers of students enrolled and to be enrolled, which is expected to continue increasing. The Target School is a full-time vocational school boasting distinctive professional features in resources and environment in the PRC, focusing on building six major clusters integrating "ecological environment", "smart big data", "automotive engineering", "finance and commerce", "grand health" and "preschool education". It has more than 20 majors, including environmental engineering and technology, environmental assessment and consulting service, pollution remediation and ecological engineering and technology, engineering cost, accounting, internet finance, e-sports and management, big data technology and application, application and maintenance of new energy vehicles.

As at September 2021, it has student enrollment of over 7,800. Despite the impact of COVID-19, the Target School has made every effort to facilitate student employment. The employment rate of graduates in 2020 reached 93.18%, basically achieving full employment. In particular, the employment rate of majors in environmental art, engineering cost and environment engineering technology was above 97%.

As at the date of this announcement, the maximum annual tuition per capita charged by schools of providing specialized training in Chongqing is RMB12,000, with an average of RMB1,300 per student subsidized annually by the government. The current tuition of full-time college students of the Target School ranges from RMB8,500 to RMB12,000, and the average is RMB10,000.

INFORMATION ON THE VENDORS, THE GUARANTORS AND THE ASSIGNORS

The Vendors are limited liability partnership established in the PRC. The general partner and limited partner of Chiyue Education are Mr. Hu Qiang and Ms. Hu Ke respectively, while the general partner and limited partner of Dingchi Education are Mr. Hu Yi and Ms. Hu Ke respectively.

The Guarantors are investment holding companies established in the PRC. The ultimate beneficial owner(s) of Liangli Industrial and Dihuang Investment are Ms. Hu Ke, Mr. Hu Qiang and Mr. Hu Yi.

The Assignors include Ms. Hu Ke, Mr. Hu Yi, Dihuang Investment, Chongqing Xuyang and Dihuang Shangmao. Chongqing Xuyang is wholly owned by Ms. Hu Ke and Mr. Hu Yong. Dihuang Shangmao is the holding company of Dihuang Investment and is wholly owned by Ms. Hu Ke, Mr. Hu Qiang and Mr. Hu Yi. To the best information of the Directors, each of them is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION OF THE COMPANY AND THE PURCHASERS

The Company is an investment holding company and the Group is a private education service provider based in Hebei Province of the PRC, which provides educational services and related management services in the PRC.

Zerui Education is an investment holding limited liability company established under the laws of the PRC on 12 July 2017, an indirect wholly-owned subsidiary controlled by the Company through contractual arrangements. Zeji Cultural is an investment holding limited liability company established under the laws of the PRC on 2 July 2021 which is wholly owned by Zerui Education.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has adopted a diversified business strategies after its listing in 2018, and has seen a rapid growth of its vocational education segment. As disclosed in the announcement of the Company published on 27 July 2021 and the 2021 interim results announcement of the Company published on 31 August 2021, the PRC government has recently promulgated new policies emphasizing on vocational education and motivating its development. The Group intends to support the new policies by continuing to adhere to its diversified strategy with vocational education development as its main line of business.

In this connection, the Board believes that the Acquisition of the Target School, which provides full-time vocational education with specialties on resources and environment, will be in line with the Group's aforesaid business strategies and complementary to the Group's existing school network. The Company has taken into consideration of the educational quality, local reputation and the professional qualifications of the Target Company and is of the view that the Acquisition will have high synergy effect with the Group's existing higher education and secondary education and will bring in considerable growth opportunities to the Group and further expand the Group's asset portfolio after the Acquisition. The Acquisition will enable the Group to further expand its portfolio, especially in the Chengyu (成渝) region. The Board is therefore of the view that the Acquisition is important lateral expansion of the Group's existing business. Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Share Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SHARE TRANSFER AGREEMENT

Assuming there is no acquisition and/or disposal of Shares, no exercise of share options from the date of this announcement to the date of Completion and that no further Shares will be issued or repurchased, the following table shows the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion and issue of the Consideration Shares:

Name of Shareholders	As at the date of this announcement		Immediately upon Completion and issue of the Consideration Shares	
	<i>No. of Shares held</i>	<i>Approximate percentage of total issued Shares</i>	<i>No. of Shares held</i>	<i>Approximate percentage of total issued Shares</i>
Mr. Li Yunong ⁽¹⁾	756,810,000	64.84%	756,810,000	59.28%
Ms. Luo Xinlan ⁽²⁾	92,736,000	7.95%	92,736,000	7.26%
Ms. Liu Hongwei ⁽³⁾	2,220,000	0.19%	2,220,000	0.17%
Mr. Ren Caiyin ⁽⁴⁾	1,479,000	0.13%	1,479,000	0.12%
Ms. Yang Li ⁽⁵⁾	1,479,000	0.13%	1,479,000	0.12%
Mr. Li Yasheng ⁽⁶⁾	987,000	0.08%	987,000	0.08%
The Vendors	0	0%	109,391,956	8.57%
Other public shareholders	<u>311,505,000</u>	<u>26.69%</u>	<u>311,505,000</u>	<u>24.40%</u>
Total	<u><u>1,167,216,000</u></u>	<u><u>100%</u></u>	<u><u>1,276,607,956</u></u>	<u><u>100%</u></u>

Notes:

1. On 16 January 2020, the Company was informed by Mr. Li Yunong that he had transferred his 100% shareholding in Sainange Holdings to Leonus Holdings Limited (“Leonus”) for family wealth and succession planning purposes. After the shareholding transfer, the family trust established by Mr. Li Yunong indirectly, through Leonus, holds 754,590,000 Shares held by Sainange Holdings. Mr. Li Yunong is therefore deemed to be interested in the Shares held by Sainange Holdings by virtue of the SFO, being 754,590,000 Shares. For details, please refer to the announcement of the Company dated 21 January 2020. On 29 December 2020, 2,220,000 award shares were granted to Mr. Li Yunong pursuant to the Share Award Plan, subject to the vesting conditions under the grant. For details, please refer to the announcement of the Company dated 29 December 2020.
2. Ms. Luo Xinlan is the sole shareholder of Sainray Limited and she is therefore deemed to be interested in the Shares held by Sainray Limited by the virtue of the SFO, being 92,736,000 Shares.
3. On 29 December 2020, 2,220,000 award shares were granted to Ms. Liu Hongwei pursuant to the Share Award Plan.
4. On 29 December 2020, 1,479,000 award shares were granted to Mr. Ren Caiyin pursuant to the Share Award Plan.
5. On 29 December 2020, 1,479,000 award shares were granted to Ms. Yang Li pursuant to the Share Award Plan.
6. On 29 December 2020, 987,000 award shares were granted to Mr. Li Yasheng pursuant to the Share Award Plan.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition, when calculated on an aggregated basis as mentioned above, is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfillment of the respective conditions set out in the Share Transfer Agreement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

GENERAL

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and thus no Shareholder would be required to abstain from voting at a general meeting if such a general meeting were to be convened.

The Company has obtained written Shareholders’ approval for the Acquisition pursuant to Rule 14.44 of the Listing Rules from Sainange Holdings which currently holds 754,590,000 Shares (representing approximately 64.65% of the issued share capital of the Company as at the date of this announcement) and Sainray Limited which currently holds 92,736,000 Shares (representing approximately 7.95% of the

issued share capital of the Company as at the date of this announcement). Accordingly, no Shareholders' meeting will be held to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules.

A circular (for information purposes only) containing, *inter alia*, further details of the Acquisition will be despatched to the Shareholders on or before 26 October 2021 so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the circular.

Shareholders and potential investors should note that the Acquisition is subject to the satisfaction and/or, where applicable, waiver of a number of conditions. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	proposed acquisition of 100% of the Target Company which holds 100% sponsor interest in the Target School and the Debt under the Share Transfer Agreement
“Assignors”	collectively Ms. Hu Ke, Mr. Hu Yi, Dihuang Investment, Chongqing Xuyang and Dihuang Shangmao
“Beneficial Owners”	collectively Ms. Hu Ke* (胡可), Mr. Hu Yi* (胡毅) and Mr. Hu Qiang* (胡強), all of whom are PRC residents
“Board”	the board of directors of the Company
“Chiyue Education”	Heze Chiyue Education Technology Partnership (Limited Liability Partnership)* (荷澤馳悅教育科技合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 15 September 2021
“Company”	China 21st Century Education Group Limited (中國21世紀教育集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Cash Consideration”	sum of RMB360 million in form of cash, being part of the Consideration

“Chongqing Xuyang”	Chongqing Xuyang Printing Co., Ltd.* (重慶旭陽印務有限公司), a limited liability company incorporated in the PRC on 9 September 2002
“Completion”	Completion of the Acquisition
“Consideration”	aggregate consideration of RMB410 million, comprising Cash Consideration and Consideration Shares
“Consideration Shares”	109,391,956 new Shares to be allotted and issued by the Company to the Vendors pursuant to the terms of the Share Transfer Agreement, being part of the Consideration
“Debt”	the aggregate amount of outstanding loans in the amount of RMB207,830,445.53 owed by the Target Company and the Target School to the Assignors as at the date of the Share Transfer Agreement
“Debt Assignment”	the assignment of the Debt by the Assignors to the Purchasers
“Dihuang Investment”	Chongqing Dihuang Investment Company Limited* (重慶迪凰投資有限公司), a limited liability company incorporated in the PRC on 26 November 1998
“Dihuang Shangmao”	Chongqing Dihuang Trading Company* (重慶迪凰商貿有限公司), a limited liability company incorporated in the PRC on 26 November 1998
“Dingchi Education”	Heze Dingchi Educational Technology Partnership (Limited Liability Partnership)* (荷澤鼎馳教育科技合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 13 September 2021
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 30 June 2021 subject to the limit up to 20% of the total nominal amount of the share capital of the Company in issue on the date of passing the resolution at the said meeting (i.e. 233,443,200 Shares)
“Group”	the Company, its subsidiaries and PRC Operating Entities from time to time
“Guarantors”	collectively Liangli Industrial and Dihuang Investment

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of HK\$0.55 per Consideration Shares pursuant to the Share Transfer Agreement
“Last Trading Day”	being the last trading day leading up to the entering of the Share Transfer Agreement, i.e. 27 September 2021
“Liangli Industrial”	Chongqing Liangli Industrial Company Limited* (重慶亮力實業有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Peijian Tutorial School(s)”	Chongqing Peijian Tutorial School Limited* (重慶培尖課外培訓學校有限公司) and Hangzhou Huashi Peijian Tutorial School Limited* (杭州華石培尖培訓學校有限公司), which are the PRC Operating Entities
“PRC”	the People’s Republic of China
“PRC Operating Entities”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang Institute of Technology* (石家莊理工職業學院), Saintach Tutorial Schools, Peijian Tutorial Schools, Shinedao Tutorial Schools and Saintach Kindergartens
“Purchasers”	collectively Zerui Education and Zeji Cultural
“RMB”	Renminbi, the lawful currency of the PRC
“Sainange Holdings”	Sainange Holdings Company Limited, a limited liability company incorporated under the laws of British Virgin Islands on 4 August 2016 which is wholly owned by Mr. Li Yunong

“Saintach Kindergarten(s)”	Shijiazhuang Qiaoxi District Blue Crystal Saintach Kindergarten* (石家莊市橋西區新天際藍水晶幼兒園), Shijiazhuang Luquan District Fukang Saintach Kindergarten* (石家莊市鹿泉區新天際福康幼兒園), Shijiazhuang Chang’an District Jianhua Saintach Kindergarten* (石家莊市長安區新天際建華幼兒園), Shijiazhuang Qiaoxi District Lidu Saintach Kindergarten* (石家莊市橋西區新天際麗都幼兒園), Shijiazhuang Hightech Industrial Development Zone Tianshan Saintach Kindergarten* (石家莊高新技術產業開發區新天際天山幼兒園), Shijiazhuang Chang’an District Qinghui Saintach Kindergarten* (石家莊市長安區新天際清暉幼兒園), Zhengding County Saintach Kindergarten* (正定縣新天際幼兒園) and Zhengding County Fumenli Saintach Kindergarten* (正定縣新天際福門里幼兒園), which are the PRC Operating Entities
“Saintach Tutorial School(s)”	Shijiazhuang City Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), Shijiazhuang City Chang’an District Saintach Tutorial School* (石家莊市長安區新天際培訓學校), Shijiazhuang Yuhua District Donggang Road Saintach Tutorial School* (石家莊市裕華區東崗路新天際培訓學校), Shijiazhuang City Qiaoxi District Zhicheng Tutorial School* (石家莊市橋西區智城培訓學校), Shijiazhuang City High-tech Zone Saintach Tutorial School* (石家莊市高新區新天際培訓學校) and Shijiazhuang City Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), which are the PRC Operating Entities
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Award Plan”	a share award plan adopted by the Board on 14 October 2020
“Share Transfer”	the transfer of the entire shareholding in the Target Company from the Vendors to the Purchasers
“Share Transfer Agreement”	the Share Transfer Agreement dated 28 September 2021 amongst the Purchasers, the Vendors, the Guarantors and the Beneficial Owners in relation to the acquisition of 100% equity interest in the Target Company, which holds 100% sponsor interests in the Target School

“Sheng Dao Xiang Cheng”	Sheng Dao Xiang Cheng Education and Technology Co., Ltd.* (河北晟道象成教育科技有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 14 December 2016 and a wholly-owned subsidiary of the Company
“Shinedao Tutorial School(s)”	Shaoxing Shangyu Shinedao Education Tutorial School* (紹興市上虞區學鼎教育培訓學校), Zhoushan Dinghai Shinedao Education Tutorial School* (舟山市定海區學鼎教育培訓學校), Yuyao Xueneng Tutorial School Limited* (余姚學能培訓學校有限公司), Yuyao Xuedao Education Tutorial School Limited* (余姚學道教育培訓學校有限公司) and Jiashan County Shinedao Education Tutorial School Limited* (嘉善縣學鼎培訓學校有限公司), which are the PRC Operating Entities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Chongqing Jueqi Investment Co., Ltd.* (重慶崛起投資股份有限公司), a company established in the PRC and held by each of the Vendors as to 50% as at the date of this announcement
“Target School”	Chongqing Resources and Environmental Protection of University* (重慶資源與環境保護職業學院)
“Vendors”	collectively Chiyue Education and Dingchi Education
“Zeji Cultural”	Chongqing Zeji Cultural Communication Co., Ltd.* (重慶澤際文化傳播有限公司), a limited liability company incorporated in the PRC on 2 July 2021 which is wholly owned by Zerui Education
“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限責任公司), a limited liability company established under the laws of the PRC on 12 July 2017, an indirect wholly-owned subsidiary controlled by the Company through contractual arrangements
“%”	per cent.

* for identification purpose only.

By order of the Board
China 21st Century Education Group Limited
Li Yunong
Chairman

Hong Kong, 28 September 2021

As at the date of this announcement, executive Directors are Mr. Li Yunong, Ms. Liu Hongwei, Mr. Ren Caiyin, Ms. Yang Li and Mr. Li Yasheng; and independent non-executive Directors are Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason.