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**JH Educational Technology INC.**  
**嘉宏教育科技有限公司**  
(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1935)

## **CONNECTED TRANSACTIONS ACQUISITIONS OF PROPERTIES**

### **BACKGROUND**

On 12 January 2022 (after trading hours), the College of Economics and Business, a PRC consolidated affiliated entity of the Company, and Binzhou Properties entered into the Purchase Agreements, pursuant to which, Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire, the Target Properties for a total consideration of RMB118.8 million.

### **IMPLICATIONS OF THE LISTING RULES**

Binzhou Properties is a majority-controlled company of Mr. Zhao Zhangxing (趙章興), who is (i) a cousin of each Mr. Chen Yuguo and Mr. Chen Yuchun; (ii) an uncle of each of Mr. Chen Shu, Mr. Chen Lingfeng and Mr. Chen Nansun; and (iii) a cousin-in-law of Ms. Zhang Xuli. Each of Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Nansun and Ms. Zhang Xuli is a Director. Therefore, Binzhou Properties constitutes a deemed connected person of the Company according to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Purchase Agreements entered into between the College of Economics and Business and Binzhou Properties constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Purchase Agreements calculated under the Listing Rules exceeds 0.1% but is less than 5%, the Purchase Agreements and the transactions contemplated thereunder shall be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that the College of Economics and Business and Binzhou Properties entered into the Purchase Agreements on 12 January 2022 (after trading hours), pursuant to which, Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire the Target Properties at a total consideration of RMB118.8 million.

## **PURCHASE AGREEMENTS**

The major terms of the Purchase Agreements are as follows:

### **Purchase Agreement I**

**Date:** 12 January 2022 (after trading hours)

**Parties:** (i) The College of Economics and Business (as the buyer); and  
(ii) Binzhou Properties (as the seller)

**Target:** The properties comprising Units No. 201–217 of Building 1, Units No. 201–213, 1111 and 1112 of Building 3, Units No. 105 of Building 7 and Units 101, 104 and 109 of Building 15 of Shangrila — Shuian Greentown\* (香格里拉 — 水岸綠城) located at west of Bohai Road No. 1 and South of Huanghe Road No. 15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 4,511.91 square meters. The usages of these properties are commercial.

**Consideration and Payment:** The total consideration for the acquisition of properties under Purchase Agreement I is RMB34,364,840. The College of Economics and Business shall pay the consideration in one lump sum by wire transfer to Binzhou Properties after the execution of the Purchase Agreement I, which will be funded by internal resources of the Group.

**Delivery:** Binzhou Properties shall deliver the properties under Purchase Agreement I to the College of Economics and Business by 31 January 2022. Binzhou Properties should deliver the properties that are consistent with the specifications under the Purchase Agreement I and obtain the approval documents for the delivery and use with respect to such properties pursuant to applicable laws and regulations.

## **Purchase Agreement II**

**Date:** 12 January 2022 (after trading hours)

**Parties:** (i) The College of Economics and Business (as the buyer); and  
(ii) Binzhou Properties (as the seller)

**Target:** The properties comprising Units No. 101–526 in five floors aboveground of Greentown Shopping Plaza\* (綠城購物廣場) located at west of Bohai Road No. 1 and South of Huanghe Road No. 15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 11,695.93 square meters. The usages of these properties are commercial and office.

**Consideration and Payment:** The total consideration for the acquisition of properties under Purchase Agreement II is RMB58,380,160. The College of Economics and Business shall pay the consideration in one lump sum by wire transfer to Binzhou Properties after the execution of the Purchase Agreement II, which will be funded by internal resources of the Group.

**Delivery:** Binzhou Properties shall deliver the properties under Purchase Agreement II to the College of Economics and Business by 28 February 2022. Binzhou Properties should deliver the properties that are consistent with the specifications under the Purchase Agreement II and obtain the approval documents for the delivery and use with respect to such properties pursuant to applicable laws and regulations.

## **Purchase Agreement III**

**Date:** 12 January 2022 (after trading hours)

**Parties:** (i) The College of Economics and Business (as the buyer); and  
(ii) Binzhou Properties (as the seller)

**Target:** The properties comprising 50 car parking spaces in Building 8, 20 car parking spaces in Building 11 and 166 car parking spaces in Building 13 of Shangrila — Shuian Greentown\* (香格里拉 — 水岸綠城) located at west of Bohai Road No. 1 and South of Huanghe Road No.15 in Binzhou City, Shandong Province, the PRC. The usages of these properties are car parking spaces.

**Consideration and Payment:** The total consideration for the acquisition of properties under Purchase Agreement III is RMB26,055,000. The College of Economics and Business shall pay the consideration in one lump sum by wire transfer to Binzhou Properties after the execution of the Purchase Agreement III, which will be funded by internal resources of the Group.

**Delivery:** Binzhou Properties shall deliver the properties under Purchase Agreement III to the College of Economics and Business by 31 January 2022. Binzhou Properties should deliver the properties that are consistent with the specifications under the Purchase Agreement III and obtain the approval documents for the delivery and use with respect to such properties pursuant to applicable laws and regulations.

Based on the information provided by Binzhou Properties, the original construction costs of the Target Properties were approximately RMB109.4 million.

## **LEASE ARRANGEMENTS OF THE TARGET PROPERTIES**

Binzhou Properties leased (i) the properties under the Purchase Agreement II with a total gross floor area of approximately 7,200 square meters to Lessee A for a term from 22 May 2015 to 21 May 2035; and (ii) the properties under the Purchase Agreement I with a total gross floor area of approximately 843.7 square meters to Lessee B for a term from 1 November 2016 to 31 October 2021, which had already expired as at the date of this announcement. According to Binzhou Properties, the annual rent it was entitled to receive under its leases with Lessee A and Lessee B for the two financial years ended 31 December 2021 was calculated based on the net profit gained by Lessee A and Lessee B through the business operations on the leased properties. If the business operations recorded a net loss, Binzhou Properties shall not receive rent for the relevant financial year but also shall not bear any loss suffered by Lessee A and Lessee B. Due to the net loss recorded by relevant business operations and the arrangements among Binzhou Properties, Lessee A and Lessee B, the leases with Lessee A and Lessee B did not generate any income for the two financial years ended 31 December 2021.

In addition, Binzhou Properties leased the properties under the Purchase Agreement I with a total gross floor area of approximately 843.7 square meters to Lessee C for a term from 1 January 2022 to 31 December 2022. The annual rent for such lease amounts to RMB250,000.

The College of Economics and Business, Binzhou Properties, Lessee A and Lessee C are in the progress of negotiation on the post-acquisition arrangements of respective leased properties. Further announcement(s) will be made by the Company as and when applicable in accordance with the Listing Rules, if any.

## **BASIS OF DETERMINATION OF CONSIDERATION**

The consideration of the Acquisitions was determined after arm's length negotiation between the College of Economics and Business and Binzhou Properties with reference to the independent valuation of the Target Properties, the fair market value of comparable properties located around the Target Properties and the prospect and development potential of the Target Properties. According to the valuation report dated 8 January 2022 prepared by an independent professional valuer, as at the same date (the valuation benchmark date), the total appraised value of the Target Properties was approximately RMB119.4 million.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Group reviews its asset portfolio from time to time with a view to maximize the returns to its Shareholders. According to the management accounts of the Group as at 30 October 2021, the cash and bank balances of the Group amounted to approximately RMB1.17 billion. Taking into account the current financial position and business operation of the Group as well as the prospect of the Target Properties, the Group believes that the Acquisitions will enhance the returns to its Shareholders. The Group intends to hold the Target Properties for long-term investment purpose.

## **INFORMATION ABOUT THE PARTIES AND OUR GROUP**

### **The College of Economics and Business**

The College of Economics and Business, formerly known as Zhongyuan University of Technology College of Information and Business\* ( 中原工學院信息商務學院 ), is a wholly privately-owned undergraduate college located in Zhengzhou, Henan Province, the PRC. The College of Economics and Business is a PRC consolidated affiliated entity of the Company and a subsidiary of JH Holdings Group. JH Holdings Group is controlled by the Company through a series of contractual arrangements entered into between Wen Zhou Jia Xin Hao Educational Technology Co., Ltd.\* ( 溫州嘉信好教育科技有限責任公司 ), an indirect wholly-owned subsidiary of the Company and JH Holdings Group.

### **Binzhou Properties**

Binzhou Properties is a limited liability company incorporated in the PRC on 6 November 2007, and its principal businesses include real estate development and properties management. As of the date of this announcement, Binzhou Properties is held as to (i) 50% by Yueqing City Zhangguang Properties Development Co., Ltd\* ( 樂清市章光房地產開發有限公司 ), which is held as to 50% by Mr. Zhao Zhangxing ( 趙章興 ); and (ii) 50% by Wenzhou Dexin Electrical Appliances Co., Ltd.\* ( 溫州德信電器有限公司 ), which is held as to 80% by Mr. Zhao Zhangxing ( 趙章興 ).

### **The Group**

The Group is mainly engaged in offering formal undergraduate education, junior college education and high school education in the PRC.

## **IMPLICATIONS OF THE LISTING RULES**

Binzhou Properties is a majority-controlled company of Mr. Zhao Zhangxing ( 趙章興 ), who is (i) a cousin of each Mr. Chen Yuguo and Mr. Chen Yuchun; (ii) an uncle of each of Mr. Chen Shu, Mr. Chen Lingfeng and Mr. Chen Nansun; and (iii) a cousin-in-law of Ms. Zhang Xuli. Each of Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Nansun and Ms. Zhang Xuli is a Director. Therefore, Binzhou Properties constitutes a deemed connected person of the Company according to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Purchase Agreements entered into between the College of Economics and Business and Binzhou Properties constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Purchase Agreements calculated under the Listing Rules exceeds 0.1% but is less than 5%, the Purchase Agreements and the transactions contemplated thereunder shall be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CONFIRMATION FROM THE DIRECTORS**

The Directors (including the independent non-executive Directors) are of the view that: (i) the Acquisitions are on normal commercial terms or better terms and in the ordinary and usual course of business of the Group; (ii) the terms and conditions of the Acquisitions are fair and reasonable; and (iii) the Acquisitions are in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the Purchase Agreements and the Acquisitions and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

## **DEFINITIONS**

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

“Acquisitions”	the acquisitions contemplated under the Purchase Agreements
“Binzhou Properties”	Binzhou Yilingyi Properties Co., Ltd.* (濱州市一零一置業有限公司), a limited liability company established under the laws of the PRC on 6 November 2007
“Board”	the board of Directors
“Company”	JH Educational Technology INC. (嘉宏教育科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 23 June 2017
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“deemed connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities

“JH Holdings Group”	JH Holdings Group Company Limited* (嘉宏控股集團有限公司), formerly known as Zhejiang JH Education Group Company Limited* (浙江嘉宏教育集團有限公司), a limited liability company established under the laws of the PRC on 17 June 2003
“Lessee A”	a lessee to which Binzhou Properties leased properties among the Target Properties with a total gross floor area of approximately 7,200 square meters for a term from 22 May 2015 to 21 May 2035, which is an independent third party of the Company
“Lessee B”	a lessee to which Binzhou Properties leased properties among the Target Properties with a total gross floor area of approximately 843.7 square meters for a term from 1 November 2016 to 31 October 2021, which is an independent third party of the Company
“Lessee C”	a lessee to which Binzhou Properties leased properties among the Target Properties with a total gross floor area of approximately 843.7 square meters for a term from 1 January 2022 to 31 December 2022, which is an independent third party of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“majority-controlled company”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchase Agreement I”	the purchase agreement dated 12 January 2022 entered into between the College of Economics and Business and Binzhou Properties, pursuant to which Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire properties comprising Units No. 201–217 of Building 1, Units No. 201–213, 1111 and 1112 of Building 3, Units No. 105 of Building 7 and Units 101, 104 and 109 of Building 15 of Shangrila — Shuiian Greentown* (香格里拉 — 水岸綠城) located at west of Bohai Road No. 1 and South of Huanghe Road No.15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 4,511.91 square meters
“Purchase Agreement II”	the purchase agreement dated 12 January 2022 entered into between the College of Economics and Business and Binzhou Properties, pursuant to which Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire properties comprising Units No. 101–526 in five floors aboveground of Greentown Shopping Plaza* (綠城購物廣場) located at west of Bohai Road No. 1 and South of Huanghe Road No.15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 11,695.93 square meters

“Purchase Agreement III”	the purchase agreement dated 12 January 2022 entered into between the College of Economics and Business and Binzhou Properties, pursuant to which Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire properties comprising 50 car parking spaces in Building 8, 20 car parking spaces in Building 11 and 166 car parking spaces in Building 13 of Shangrila — Shuian Greentown* ( 香格里拉 — 水岸綠城 ) located at west of Bohai Road No. 1 and South of Huanghe Road No.15 in Binzhou City, Shandong Province, the PRC
“Purchase Agreements”	collectively, Purchase Agreement I, Purchase Agreement II and Purchase Agreement III
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Properties”	the properties to be disposed of by Binzhou Properties and acquired by the College of Economics and Business under the Purchase Agreements
“College of Economics and Business”	Zhengzhou College of Economics and Business* ( 鄭州經貿學院 ), formerly known as Zhongyuan University of Technology College of Information and Business* ( 中原工學院信息商務學院 ), a wholly privately-owned undergraduate college located in Zhengzhou, Henan Province, the PRC, which is a PRC consolidated affiliated entity of the Company and a subsidiary of JH Holdings Group
“%”	percent

By order of the Board  
**JH Educational Technology INC.**  
**Chen Yuguo**  
*Chairman*

Zhejiang, the PRC  
12 January 2022

*As at the date of this announcement, the executive Directors are Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng; the non-executive Director is Ms. Zhang Xuli; and the independent non-executive Directors are Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing.*

\* *For identification purposes only*