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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)**

**DISCLOSEABLE TRANSACTION  
LEASE OF PROPERTIES**

The Board hereby announces that on 25 May 2023 (after trading hours), Shijiazhuang Yuying Experimental High School (as lessee) entered into the Lease Agreement with Shijiazhuang Jigao Education (as lessor) to lease the Properties for school campus use for a term of approximately seven years commencing from 25 May 2023 to 1 September 2030 (both days inclusive). The annual rent (inclusive of ancillary facilities usage fees but excluding hot water and tap water supply) for the Properties is RMB12,000,000 for the period from 2 September 2023 to 1 September 2028, and RMB13,000,000 for the remaining term of the Lease Agreement.

**IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to IFRS 16, the entering into of the Lease Agreement as lessee requires the Group to recognise the Properties as right-of-use asset in its consolidated financial statements. Such transaction will be regarded as an acquisition of asset for the purpose of the Listing Rules. The estimated value of right-of-use asset recognised by the Company under the Lease Agreement amounts to approximately RMB70 million.

As one or more of the applicable percentage ratios of the Lease exceeds 5% but all are less than 25%, the Lease constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements, but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Board hereby announces that on 25 May 2023 (after trading hours), Shijiazhuang Yuying Experimental High School entered into the Lease Agreement with Shijiazhuang Jigao Education to lease the Properties for school campus use.

Details of the principal terms of the Lease Agreement are set out below:

<b>Date</b>	25 May 2023 (after trading hours)
<b>Parties</b>	(i) Shijiazhuang Yuying Experimental High School (as lessee); and  (ii) Shijiazhuang Jigao Education (as lessor)
<b>Properties</b>	The underground carpark, five buildings, sports field and the ancillary facilities (total gross floor area is 32,225.03 sq.m. and the total area is 29,007.90 sq.m.) located at No. 239 Minjiang Road, New High-Technology Area, Shijiazhuang, Hebei Province, the PRC.
<b>Term</b>	Approximately seven years commencing from 25 May 2023 to 1 September 2030 (both days inclusive).
<b>Rent</b>	<p>RMB12,000,000 (inclusive of ancillary facilities usage fees but excluding hot water and tap water supply) for the period from 2 September 2023 to 1 September 2028, and RMB13,000,000 for the remaining term of the Lease Agreement.</p> <p>For the rent for the first year, it will be paid in three tranches as follows:</p> <p>(i) within seven (7) working days after signing of the Lease Agreement: RMB2 million;</p> <p>(ii) before 10 July 2023: RMB5 million; and</p> <p>(iii) before 31 August 2023: RMB5 million.</p> <p>For the period from 2 September 2024 to 1 September 2028, the annual rent will be paid in two tranches: RMB6 million on or before 1 July and the remaining annual rent on or before 1 January of the following year.</p> <p>For the period from 2 September 2028 to 1 September 2030, the annual rent will be paid in two tranches: RMB7 million on or before 1 July and the remaining annual rent on or before 1 January of the following year.</p>

Any late payment of rent will be subject to the default penalty calculated as: Outstanding rent x 0.0001 x number of days.

<b>Rent Free Period</b>	25 May 2023 to 1 September 2023.
<b>Guarantee Money</b>	RMB1 million to be payable within three (3) working days after signing of the Lease Agreement (to be set off against RMB0.5 million paid by the lessee on 18 April 2023 as deposit).
<b>Termination</b>	Subject to other terms in the Lease Agreement, it can be terminated by a party with a six-month notice and with the written consent of the other party. If a party unilaterally terminate the Lease Agreement without the written consent of the other party, it shall pay 10% of the annual rent as default payment (if the lessor is the terminating party, the lessor shall also return the guarantee money and the remaining rent paid to the lessee).
<b>Other material terms</b>	<ul style="list-style-type: none"><li>(i) The lessee shall not sub-lease the Properties to other parties without the consent of the lessor.</li><li>(ii) Save as otherwise agreed in the Lease Agreement, the lessee shall be responsible for the maintenance cost and fire safety matters of the specified ancillary facilities.</li><li>(iii) The lessor shall be responsible for the repair and maintenance cost of the structure, outer walls, floors, drainage pipes and transformers of the buildings.</li></ul>

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE LEASE AGREEMENT**

The purpose of entering into the Lease Agreement is to relocate Shijiazhuang Yuying Experimental High School to a new location and to replace the school building in order to improve school conditions and enhance the quality of teaching. The new school premises are located in an area with convenient transportation, excellent human environment, more complete teaching facilities and more comfortable learning and living environment, which will help attract more students and increase the student size of Shijiazhuang Yuying Experimental High School. The Directors consider that it is commercially necessary and beneficial to enter into the Lease Agreement.

The terms (including the rent payable) of the Lease Agreement were arrived at after arm's length negotiations between Shijiazhuang Yuying Experimental High School and Shijiazhuang Jigao Education with reference to the prevailing market rentals for comparable properties in the vicinity of the Properties. The Group intends to settle the annual rent payable under the Lease Agreement with its internal funds.

The Board considers that the entering into of the Lease Agreement is in the ordinary and usual course of business of the Group, is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Group and Shijiazhuang Yuying Experimental High School**

The Group is primarily serving a wide range of students from preschool students in its kindergartens, high school students enrolled in its high school, as well as junior college students, secondary school students and continuing education students in its college. The above transaction will not bring significant impact on the financial position and operating results of the Company.

Shijiazhuang Yuying Experimental High School, a boarding general high school established under the laws of the PRC in 1994, one of the PRC Operating Entities and its financial results have been accounted for as a wholly-owned subsidiary of the Group since the Group's acquisition of the school on 31 August 2022.

### **Shijiazhuang Jigao Education**

Shijiazhuang Jigao Education was established on 16 November 2022, and its business scope is to provide educational consulting services.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Shijiazhuang Jigao Education is owned as to 99.9% by Mr. Cai Tongxi and 0.1% by Mr. Wei Jianlou; Shijiazhuang Jigao Education and its ultimate beneficial owners are Independent Third Parties.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to IFRS 16, the entering into of the Lease Agreement as lessee requires the Group to recognise the Properties as right-of-use asset in its consolidated financial statements. Such transaction will be regarded as an acquisition of asset for the purpose of the Listing Rules. The estimated value of right-of-use asset recognised by the Company under the Lease Agreement amounts to approximately RMB70 million.

As one or more of the applicable percentage ratios of the Lease exceeds 5% but all are less than 25%, the Lease constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements, but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors;
“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 person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company, its subsidiaries and its PRC Operating Entities from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IFRS”	International Financial Reporting Standards;
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons;
“Lease”	the lease of the Properties under the Lease Agreement;
“Lease Agreement”	the lease agreement dated 25 May 2023 entered into between Shijiazhuang Yuying Experimental High School as lessee and Shijiazhuang Jigao Education as lessor in respect of the Properties;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“PRC Operating Entities”	Zerui Education, Shijiazhuang Institute of Technology* (石家莊理工職業學院), Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), Saintach Kindergarten(s), Hangzhou Yimai Enterprise Management Consulting Co., Ltd.* (杭州一脈學鼎教育科技有限公司), Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司) and Shijiazhuang Yuying Experimental High School;
“Properties”	the underground carpark, five buildings, sports field and the ancillary facilities located at No. 239 Minjiang Road, New High-Technology Area, Shijiazhuang, Hebei Province, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Saintach Kindergartens”	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;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company;
“Shijiazhuang Jigao Education”	Shijiazhuang Jigao Education Consultancy Co., Ltd* (石家莊集高教育諮詢有限公司), a company established in the PRC with limited liability and is an Independent Third Party;
“Shijiazhuang Yuying Experimental High School”	Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), a boarding general high school established under the laws of the PRC in 1994 and its financial results is accounted for as a wholly-owned subsidiary of the Group;
“sq.m.”	square metre(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning given to it under the Listing Rules;
“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, which was owned as to 80.625% by Mr. Li Yunong and 19.375% by Ms. Luo Xinlan as at the date of this announcement, and one of the PRC Operating Entities; and
“%”	per cent.

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

Hong Kong, 25 May 2023

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

\* *for identification purpose only.*