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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
FINANCE LEASEBACK AGREEMENT**

FINANCE LEASEBACK AGREEMENT

On 19 December 2023 (after trading hours), Shijiazhuang Institute of Technology and the Lessor entered into the Finance Leaseback Agreement, pursuant to which (i) the Lessor shall purchase the Leased Assets from Shijiazhuang Institute of Technology at a total consideration of RMB35 million; and (ii) the Lessor agreed to lease the Leased Assets back to Shijiazhuang Institute of Technology for a period of 36 months, the estimated aggregate Lease Payment shall be approximately RMB38.99 million (without taking into account the repurchase cost of RMB100.00) which shall be payable in 12 installments, with the first payment on the third month after the payment of the consideration by the Lessor and in every three months thereafter.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Finance Leaseback Agreement exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Leaseback Agreement 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.

FINANCE LEASEBACK AGREEMENT

Date: 19 December 2023 (after trading hours)

Parties: (i) Changjiang United Financial Leasing Co., Ltd.* (長江聯合金融租賃有限公司) (as Lessor); and

(ii) Shijiazhuang Institute of Technology (as Lessee)

The Finance Leaseback Agreement comprised (i) the purchase of the Leased Assets by the Lessor from Shijiazhuang Institute of Technology; and (ii) the Finance Leaseback Arrangement.

Sale and purchase arrangements

Pursuant to the terms of the Finance Leaseback Agreement, the Lessor shall purchase the Leased Assets from Shijiazhuang Institute of Technology at a total consideration of RMB35 million, which is determined after arm's length negotiations between the Group and the Lessor by reference to the net book value of the Leased Assets as at the date of the Finance Leaseback Agreement.

Finance Leaseback Arrangement

Pursuant to the Finance Leaseback Agreement, the Lessor agreed to lease the Leased Assets back to Shijiazhuang Institute of Technology for a period of 36 months.

Lease Payment

Pursuant to the Finance Leaseback Agreement, the aggregate Lease Payment shall be approximately RMB38.99 million (without taking into account the repurchase cost of RMB100.00) which shall be payable by Shijiazhuang Institute of Technology to the Lessor in 12 installments in accordance with the payment schedule set out in the Finance Leaseback Agreement, with the first payment on the third month after the payment of the consideration by the Lessor and in every three months thereafter.

The aforesaid Lease Payment in the amount of approximately RMB38.99 million comprises (i) the lease principal of RMB35 million, which is the same amount the consideration for the sale and purchase of the Leased Assets; and (ii) the lease interest of approximately RMB3.99 million. The lease interest is calculated after arm's length negotiation between the parties with reference to the Benchmark Interest Rate for 5-years loan in RMB published on 21 November 2023 plus 2.3%, being 6.5%, and the interest payable will be calculated based on the outstanding principal and the number of days for each installment.

During the lease term of the Finance Leaseback Agreement, if any adjustment is made to the Benchmark Interest Rate during a calendar year, the Lessor will adjust the interest rate of the Finance Leaseback Agreement in the same direction and proportion in accordance with the final Benchmark Interest Rate published in that calendar year. The adjustment to the interest rate will take effect on the first installment payment in the subsequent calendar year, and the Lease Payment amount prior to the adjustment shall remain unchanged.

The obligations of Shijiazhuang Institute of Technology under the Finance Leaseback Agreement shall be secured by (i) a corporate guarantee given by Zerui Education, one of the PRC Operating Entities of the Group which is owned as to approximately 80.625% by Mr. Li and approximately 19.375% by Ms. Luo Xinlan (羅心蘭女士) as at the date of this announcement; and (ii) a personal guarantee given by Mr. Li.

The terms of the Finance Leaseback Agreement were determined after arm's length negotiation between the parties with reference to, among other things, the net book value of the Leased Assets, the Lessor's purchase cost of the Leased Assets, the interest rate and the prevailing market practice.

Security deposit

Pursuant to the Finance Leaseback Agreement, Shijiazhuang Institute of Technology shall pay a security deposit in the amount of RMB1.75 million, which shall be used to offset the consideration to be paid by the Lessor.

Ownership of the Leased Assets

The Leased Assets consist of teaching and learning equipment (such as smart desks, interactive touch tablets, robotics teaching and training sets, computers, printers, etc.), air-conditioning equipment and network switches, etc., which are owned by Shijiazhuang Institute of Technology and being used in its ordinary course of business. During the lease term under the Finance Leaseback Agreement, the Leased Assets shall be owned by the Lessor.

Upon expiry of the lease term under the Finance Leaseback Agreement, Shijiazhuang Institute of Technology has the right to repurchase the Leased Assets at the repurchase cost of RMB100.00.

As at the date of the Finance Leaseback Agreement, the net book value of the Leased Assets was approximately RMB36.16 million. There was no revenue attributable to the Leased Assets in the most recent two financial years.

It is expected that according to the International Financial Reporting Standards, the transactions contemplated under the Finance Leaseback Agreement shall be accounted for as financing arrangements and therefore would not have any significant immediate effect on the earnings of the Group for the year ending 31 December 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASEBACK ARRANGEMENT

The Group is principally engaged in providing educational services and related management services in the PRC and is committed to providing education services at multiple academic levels and building prestigious school brands in Hebei province. The Finance Leaseback Arrangement would enable the

Company to further optimize its cash flows, and extend the Company's financing channels. The funding from the Finance Leaseback Arrangement would be used for replenishing the working capital of the Group.

The Directors are of the view that the terms of the Finance Leaseback Arrangement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and Shijiazhuang Institute of Technology

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 colleges.

Shijiazhuang Institute of Technology is a full-time regular higher school established under the laws of the PRC on 1 July 2003 of which school sponsor's interest is wholly-owned by Zerui Education as at the date of this announcement and one of the Group's PRC Operating Entities.

The Lessor

The Lessor is a limited liability company incorporated under the laws of the PRC in 2015. The Lessor is a nation-wide financial leasing company established under the approval of China Banking and Insurance Regulatory Commission.

Based on the public information available, as at the date of this announcement, the Lessor is owned as to 54.2857% by Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601825); 12.2449% by Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司), a company wholly-owned by Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) which is a wholly-owned subsidiary of China Yongda Automobiles Services Holdings Limited (中國永達汽車服務控股有限公司), a company listed on the Stock Exchange (stock code: 3669); 10.6122% by Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a company listed on the Stock Exchange (stock code: 576); 8.1633% by Wonders Information Co., Ltd. (萬達資訊股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300168); 6.9388% by Changjiang United Asset Management Co., Ltd.* (長江聯合資本管理有限公司), a subsidiary of Yangtze River Economy United Development (Group) Co., Ltd. ("**Yangtze River United**") (長江經濟聯合發展(集團)股份有限公司), which is ultimately controlled by Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會); 4.4898% by Yangtze River United; 2.449% by Bestway Marine & Energy Technology Co., Ltd. (天海融合防務裝備技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300008); and 0.8163% by the Shanghai Shipping Exchange (上海航運交易所).

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, none of the Company and its connected persons (individually or together), directly or indirectly, have the power to exercise or control the exercise of 30% or more of the voting power at the Lessor's shareholders' general meetings and thus the Lessor is an Independent Third Party.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Finance Leaseback Agreement exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Leaseback Agreement 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, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Benchmark Interest Rate”	the benchmark interest rate of RMB loans issued by the People's Bank of China;
“Board”	the board of Directors of the Company;
“Company”	China 21st Century Education Group Limited (中國21世紀教育集團有限公司), an exempted company incorporated under the laws of 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 given to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Finance Leaseback Agreement”	the finance leaseback agreement dated 19 December 2023 entered into between Shijiazhuang Institute of Technology and the Lessor in relation to the financial leasing of the Leased Assets;
“Finance Leaseback Arrangement”	the finance leaseback arrangement under the Finance Leaseback Agreement;
“Group”	the Company, its subsidiaries and the PRC Operating Entities from time to time;

“Lease Payment”	the total lease payment in relation to the financial leasing of the Leased Assets under the Finance Leaseback Agreement;
“Leased Assets”	the leased assets consist of teaching and learning equipment (such as smart desks, interactive touch tablets, robotics teaching and training sets, computers, printers, etc.), air-conditioning equipment and network switches, etc., which are owned by Shijiazhuang Institute of Technology and being used in its ordinary course of business;
“Lessor”	Changjiang United Financial Leasing Co., Ltd.* (長江聯合金融租賃有限公司);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Mr. Li”	Mr. Li Yunong (李雨濃), the controlling Shareholder of the Company;
“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), Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司), Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang 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.* (杭州一脈企業管理諮詢有限責任公司) and Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司);
“RMB”	Renminbi, the lawful currency of the PRC;

“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 High-tech 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 Company’s PRC Operating Entities;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shijiazhuang Institute of Technology”	Shijiazhuang Institute of Technology* (石家莊理工職業學院), a full-time regular higher school established under the laws of the PRC on 1 July 2003 of which school sponsors’ interest was wholly-owned by Zerui Education as at the date of this announcement, and one of the Company’s PRC Operating Entities;
“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公司), a limited liability company established under the laws of the PRC on 12 July 2017, which is owned as to 80.625% by Mr. Li and 19.375% by Ms. Luo Xinlan (羅心蘭女士) as at the date of this announcement, and one of the Company’s PRC Operating Entities; and
“%”	per cent.

* *For identification purposes only*

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

Hong Kong, 19 December 2023

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