

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **China Xinhua Education Group Limited**

**中國新華教育集團有限公司**

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

**(Stock Code: 2779)**

### **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF LAND USE RIGHTS**

#### **ACQUISITION OF LAND USE RIGHTS**

The Board is pleased to announce that on 7 May 2021, the School of Clinical Medicine and the Hefei Natural Resources and Planning Bureau entered into the Agreements, pursuant to which the School of Clinical Medicine has acquired the land use rights of the Target Lands for the purposes of constructing the second phase of the School of Clinical Medicine's new campus.

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

As at the date of this announcement, the School of Clinical Medicine is in the course of changing its school sponsor, whereby Xinhua Group will eventually become a school sponsor of the School of Clinical Medicine. While the transaction under the Agreement I does not constitute a discloseable transaction of the Company on a standalone basis, it is nevertheless appropriate to aggregate this transaction with the Agreement II as if they were one transaction pursuant to Rule 14.22 of the Listing Rules, because the Agreements were entered into by the School of Clinical Medicine with the same party (i.e. the Hefei Natural Resources and Planning Bureau) for the acquisition of land use rights for the second phase of School of Clinical Medicine's new campus. Following such aggregation, one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the aforesaid aggregated transactions exceed 5% but is less than 25%. Therefore, it is appropriate to treat the transactions under the Agreement I and the Agreement II as discloseable transactions of the Company and subject them to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **BACKGROUND**

On 20 November 2017, the Company entered into a formal agreement with Anhui Medical University to jointly operate the School of Clinical Medicine, with the eventual goal of converting the School of Clinical Medicine into a school owned and operated solely by the Group. According to the formal agreement, the Group is entitled to the tuition fees relating to students in the 2018-2019 school year and thereafter, and is responsible for the operation of the School of Clinical Medicine's new campus.

For the purposes of constructing the second phase of its new campus, the School of Clinical Medicine entered into the Agreements with the Hefei Natural Resources and Planning Bureau on 7 May 2021, pursuant to which the School of Clinical Medicine has acquired the land use rights of the Target Lands.

## **PRINCIPAL TERMS OF THE AGREEMENTS**

The principal terms of the Agreements are summarized below:

**Date:** 7 May 2021

**Parties:** (i) the Hefei Natural Resources and Planning Bureau; and  
(ii) the School of Clinical Medicine

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Hefei Natural Resources and Planning Bureau is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

**Information of the  
Target Lands:**

Target Land I: Located north of Wanjiang West Road and west of Zhaoxun Road in Shushan District, Hefei City, Anhui Province, the PRC, with a total area of 25,300.62 sq.m. (equivalent to approximately 37.95 mu), and the planned use is for educational, medical, and healthcare purposes.

Target Land II: located north of Wanjiang West Road and east of Zhaoxun Road in Shushan District, Hefei City, Anhui Province, the PRC, with a total area of 166,246.27 sq.m. (equivalent to approximately 249.37 mu), and the planned use is for educational purposes.

**Term of land use rights:** 50 years from the date of completion of the acquisition of the land use rights of the land in question, which shall take place within 30 days upon signing of the relevant agreement.

**Consideration:** Target Land I: RMB41,746,023

Target Land II: RMB239,394,629

The abovementioned amounts of consideration will be paid by the internal resources of the School of Clinical Medicine, which is funded by Xinhua Group as part of its operational capital.

**Payment arrangements:** Within 30 days of signing the relevant agreement, the School of Clinical Medicine shall pay the consideration in question in full to the Hebei Natural Resources and Planning Bureau.

## **DEVELOPMENT OF THE TARGET LANDS**

The Target Lands will be developed and utilized by the School of Clinical Medicine to construct the second phase of its new campus, thereby expecting to increase the capacity of the school by 8,000 students after completion.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION OF LAND USE RIGHTS UNDER THE AGREEMENTS**

The Target Lands are situated in Hefei City, Anhui Province, and Hefei City is one of the four largest comprehensive national science centers in the PRC. It is located in the core area of the Hefei BinHu Science City, with convenient transportation, beautiful environments, and outstanding location advantages. The School of Clinical Medicine may effectively utilize the rich and excellent scientific, educational, and medical resources of Hefei, as well as capitalize on the prominent synergy with Hefei City and other universities of the Group also located in Hefei City.

The construction of the new campus of the School of Clinical Medicine will be highly compatible with regional development strategy, which will vigorously promote the conversion of the School of Clinical Medicine, unveil a new start in the School of Clinical Medicine's development, and promote it to become a local medicine school featuring high jumping-off point and quality, which in turn will pave the way forward for the Group's new growth in the medical higher education sector.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the Agreements have been entered into on normal commercial terms, and the terms of the Agreements are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of services in the private higher education sector.

Established in 2003, the School of Clinical Medicine is an independent college of Anhui Medical University, located in Hefei, Anhui Province, the PRC, and is currently jointly operated by the Group and Anhui Medical University. Further details of the School of Clinical Medicine can be found in the annual report of the Company for the year ended 31 December 2020 and in the section headed "Business – Planned Additional Schools – School of Clinical Medicine" of the Prospectus.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the School of Clinical Medicine is in the course of changing its school sponsor, whereby Xinhua Group will eventually become a school sponsor of the School of Clinical Medicine. While the transaction under the Agreement I does not constitute a discloseable transaction of the Company on a standalone basis, it is nevertheless appropriate to aggregate this transaction with the Agreement II as if they were one transaction pursuant to Rule 14.22 of the Listing Rules, because the Agreements were entered into by the School of Clinical Medicine with the same party (i.e. the Hefei Natural Resources and Planning Bureau) for the acquisition of land use rights for the second phase of School of Clinical Medicine's new campus. Following such aggregation, one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the aforesaid aggregated transactions exceed 5% but is less than 25%. Therefore, it is appropriate to treat the transactions under the Agreement I and the Agreement II as discloseable transactions of the Company and subject them to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Agreement I”	means the State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) dated 7 May 2021 entered into between the School of Clinical Medicine and the Hefei Natural Resources and Planning Bureau in relation to the grant of land use right of Target Land I;
“Agreement II”	means the State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) dated 7 May 2021 entered into between the School of Clinical Medicine and the Hefei Natural Resources and Planning Bureau in relation to the grant of land use right of Target Land II;
“Agreements”	means, collectively, the Agreement I and the Agreement II;
“Board”	means the board of Directors of the Company;
“Company”	means China Xinhua Education Group Limited (中國新華教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 30 August 2017;
“Director(s)”	means the director(s) of the Company;
“Group”	means the Company, its subsidiaries, and its PRC consolidated affiliated entities;
“Hefei Natural Resources and Planning Bureau”	means Hefei Natural Resources and Planning Bureau* (合肥市自然資源和規劃局);
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“mu”	means mu* (畝), unit of land area traditionally used in East Asia, equivalent to approximately 666.67 sq.m.;
“PRC”	means the People’s Republic of China which, for the purposes of this announcement, excludes, Hong Kong, the Macau Special Administrative Region and Taiwan;
“Prospectus”	means the prospectus of the Company dated 14 March 2018;
“RMB”	means Renminbi, the lawful currency of the PRC;
“School of Clinical Medicine”	means School of Clinical Medicine of Anhui Medical University (安徽醫科大學臨床醫學院), an independent college of Anhui Medical University established under the laws of the PRC in 2003 and currently jointly operated by the Group and Anhui Medical University, as further described in the annual report of the Company for the year ended 31 December 2020 and in the section “Business – Planned Additional Schools – School of Clinical Medicine” of the Prospectus;
“Shareholder(s)”	means holder(s) of the share(s) of the Company;
“sq.m.”	means square metre, unit of area;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Target Land I”	means a piece of land with an area of 25,300.62 sq.m. (equivalent to approximately 37.95 mu) located north of Wanjiang West Road and west of Zhaoxun Road in Shushan District, Hefei City, Anhui Province, the PRC;
“Target Land II”	means a piece of land with an area of 166,246.27 sq.m. (equivalent to approximately 249.37 mu), located north of Wanjiang West Road and east of Zhaoxun Road in Shushan District, Hefei City, Anhui Province, the PRC;
“Target Lands”	means, collectively, Target Land I and Target Land II; and

“Xinhua Group”

means Anhui Xinhua Group Investment Co., Ltd\* (安徽新華集團投資有限公司), (previously known as Anhui Xinhua Investment Co., Ltd.\* (安徽新華投資有限公司)), a limited liability company established under the laws of the PRC on 1 September 1999 and a consolidated affiliated entity of the Company.

\* for identification purposes only

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB0.83. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

By order of the Board of  
**China Xinhua Education Group Limited**  
**Wu Junbao**  
*Chairman*

Hong Kong, 7 May 2021

*As at the date of this announcement, the executive Directors are Mr. Zhang Ming, Mr. Lu Zhen, and Mr. Wang Yongkai, the non-executive Director is Mr. Wu Junbao, and the independent non-executive Directors are Mr. Jiang Min, Mr. Yang Zhanjun, and Mr. Chau Kwok Keung.*