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## **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)**

### **BUSINESS UPDATE**

## **ENTERING INTO STRATEGIC COOPERATION AGREEMENT WITH THE INDUSTRIAL AND COMMERCIAL BANK OF CHINA HEFEI BRANCH**

This announcement is made by China Xinhua Education Group Limited (the “**Company**” and together with its subsidiaries referred as the “**Group**”) on a voluntary basis to provide the shareholders of the Company and potential investors an update on the latest business development of the Company.

### **STRATEGIC COOPERATION AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 3 September 2019, Anhui Xinhua Group Investment Co., Ltd.\* (安徽新華集團投資有限公司) (“**Xinhua Group**”), a consolidated affiliated entity of the Company, entered into the strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with The Industrial and Commercial Bank of China Limited Hefei Branch (“**ICBC**”) in order to build a long-term strategic cooperation partnership between ICBC and Xinhua Group.

According to the Strategic Cooperation Agreement, ICBC will provide the following financial services to Xinhua Group:

## **Financial Services**

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## **Services to be provided**

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### **Loan business services**

**: *RMB5 billion intentional financing***

ICBC agrees to support Xinhua Group in achieving its strategic objectives under the premise of in compliance with the relevant regulations of the People's Bank of China (the "PBOC"), the China Banking Regulatory Commission (the "CBRC") and ICBC, as well as the internal credit approval and risk management systems. In the next five years, ICBC will provide Xinhua Group with credit support of not less than RMB5 billion, including but not limited to short-term financing, project loans, syndicated loans, direct investment in wealth management plans, M&A loans and other financing support, so as to satisfy the funding needs of Xinhua Group in project investment.

***Financing cost are in-line with the bank's benchmark interest rate***

ICBC regards Xinhua Group as a key customer of Hefei Branch, and will offer Xinhua Group the same treatment as the public schools in terms of financing. In principle, ICBC will offer loans to Xinhua Group at interest rates to be determined according to the bank's benchmark interest rate.

### **Asset securitization and issuance of bonds**

**: ICBC agrees to provide consultation services including securities consultation, business analysis and solutions for corporate bond issuance and asset securitization to Xinhua Group, to help Xinhua Group coordinate with securities firms and fund management companies in relation to the issuance of the relevant securities (if any), and to endeavor to seek investment in Xinhua Group by investors for up to RMB5 billion (excluding the credit facility which may be provided by ICBC to Xinhua Group).**

### **Investment banking services**

**: ICBC provides investment and financing consulting, debt financing advisory, domestic and overseas M&A and reconstructing advisory, equity financing, corporate bond issuance advisory and other services to Xinhua Group.**

The Strategic Cooperation Agreement is valid for five years from the date of signing the Strategic Cooperation Agreement.

## **KEY BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT**

The Directors are of the view that, taking into account that the Group and ICBC have cooperated extensively for many years, the Strategic Cooperation Agreement will have (i) enable the Group to benefit from a long-term stable development with the necessary financing arrangement; (ii) provide an organized platform to finance the Group's expansion plan and construction of campuses; and (iii) allow the Group to obtain financing at favorable interest rates, which will in turn allow the Group to enjoy a lower cost of capital and hence create greater value for shareholders of the Company.

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

Hong Kong, 3 September 2019

*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 Ms. Zhang Kejun, Mr. Yang Zhanjun and Mr. Chau Kwok Keung.*