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If you have sold or transferred all your shares in China 21st Century Education Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED MANDATE IN RELATION TO THE MAJOR
TRANSACTION IN RESPECT OF THE POTENTIAL
ACQUISITIONS OF LAND USE RIGHTS IN GAOYI
COUNTY, SHIJIAZHUANG, HEBEI PROVINCE, THE PRC**

Unless the context otherwise requires, all capitalised terms used in this circular shall have the meanings as set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 7 to 13 of this circular.

The Company has obtained written Shareholders’ approval in lieu of holding a general meeting of the Company pursuant to the Listing Rules for the Proposed Mandate and the Potential Acquisitions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from Shareholders who hold more than 50% of the total issued Shares giving the right to attend and vote at a general meeting. Accordingly, no general meeting will be held to approve the Proposed Mandate and the Potential Acquisitions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

This circular is despatched to the Shareholders for information purpose only.

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DEFINITIONS

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

“Acquisitions of Land Use Rights”	the acquisitions of the land use rights of Land I and Land II through public tender process
“Acquisition of Land Use Rights I”	the acquisition of the land use rights of Land I pursuant to Confirmation Letter I
“Acquisition of Land Use Rights II”	the acquisition of the land use rights of Land II pursuant to Confirmation Letter II
“Acquisition of Land Use Rights III”	the acquisition of the land use rights of Land IIIa and the acquisition of the land use rights of Land IIIb pursuant to Confirmation Letter IIIa and Confirmation Letter IIIb
“Acquisition of Land Use Rights IV”	the acquisition of the land use rights of Land IV pursuant to Confirmation Letter IV
“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
“Confirmation Letter I”	the confirmation letter dated 7 March 2022 entered into between Shijiazhuang Zerui and Public Resources Trading Centre of Gaoyi County in relation to the successful bidding for the land use rights of the Land I
“Confirmation Letter II”	the confirmation letter dated 28 April 2022 entered into between Shijiazhuang Zerui and Public Resources Trading Centre of Gaoyi County in relation to the successful bidding for the land use rights of the Land II
“Confirmation Letter IIIa”	the confirmation letter to be entered into between Shijiazhuang Zerui and Public Resources Trading Centre of Gaoyi County in relation to the successful bidding for the land use rights of the Land IIIa
“Confirmation Letter IIIb”	the confirmation letter to be entered into between Shijiazhuang Zerui and Public Resources Trading Centre of Gaoyi County in relation to the successful bidding for the land use rights of the Land IIIb

DEFINITIONS

“Confirmation Letter IV”	the confirmation letter to be entered into between Shijiazhuang Zerui and Public Resources Trading Centre of Gaoyi County in relation to the successful bidding for the land use rights of the Land IV
“Consideration III”	the final bidding price payable by Shijiazhuang Zerui, if successful in the public tender, in relation to the Acquisition of Land Use Rights III
“Consideration IV”	the final bidding price payable by Shijiazhuang Zerui, if successful in the public tender, in relation to the Acquisition of Land Use Rights IV
“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 PRC
“Land I”	a land parcel located at the southeast of Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 74,254.99 sq.m., being the subject matter of the Confirmation Letter I
“Land II”	a land parcel located at the southeast of Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 48,564.44 sq.m., being the subject matter of the Confirmation Letter II
“Land III”	Land IIIa and Land IIIb
“Land IIIa”	a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 153,502.86 sq.m., being the subject matter of the Confirmation Letter IIIa

DEFINITIONS

“Land IIIb”	a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 3,255.19 sq.m., being the subject matter of the Confirmation Letter IIIb
“Land IV”	a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 46,269.12 sq.m., being the subject matter of the Confirmation Letter IV
“Latest Practicable Date”	22 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Natural Resources and Planning Bureau of Gaoyi County”	the Natural Resources and Planning Bureau of Gaoyi County, a local government authority under the People’s Government of Gaoyi County, Shijiazhuang Hebei Province, the PRC
“Peijian Tutorial School(s)”	Chongqing Peijian Tutorial School Limited* (重慶培尖課外培訓學校有限公司) and Hangzhou Huashi Peijian Tutorial School Limited* (杭州華石培尖培訓學校有限公司), which are the PRC Operating Entities
“Potential Acquisitions”	the potential acquisitions of the land use rights of the Land III and Land IV through public tender process
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang Institute of Technology, Saintach Tutorial Schools, Peijian Tutorial Schools, Shinedao Tutorial Schools and Saintach Kindergartens

DEFINITIONS

“Proposed Mandate”	the mandate to be granted by the Shareholders to the Directors for the Potential Acquisitions
“Public Resources Trading Centre of Gaoyi County”	the Public Resources Trading Centre of Gaoyi County, a local government authority under the People’s Government of Gaoyi County, Shijiazhuang, Hebei Province, the PRC
“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 PRC Operating Entities
“Saintach Tutorial School(s)”	Shijiazhuang City Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), Shijiazhuang City Chang’an District Saintach Tutorial School* (石家莊市長安區新天際培訓學校), Shijiazhuang Yuhua District Donggang Road Saintach Tutorial School* (石家莊市裕華區東崗路新天際培訓學校), Shijiazhuang City Qiaoxi District Zhicheng Tutorial School* (石家莊市橋西區智城培訓學校), Shijiazhuang City High-tech Zone Saintach Tutorial School* (石家莊市高新區新天際培訓學校) and Shijiazhuang City Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), which are the PRC Operating Entities
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company

DEFINITIONS

“Share Award Plan”	the share award plan adopted by the Company on 14 October 2020
“Share Option Scheme”	the share option scheme adopted by the Company on 4 May 2018
“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 junior college established under the laws of the PRC on 1 July 2003 of which school sponsors’ interest are wholly-owned by Zerui Education as of the Latest Practicable Date, and one of the PRC Operating Entities
“Shijiazhuang Zerui”	Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司), a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly-owned by Zerui Education
“Shinedao Tutorial School(s)”	Shaoxing Shangyu Shinedao Education Tutorial School* (紹興市上虞區學鼎教育培訓學校), Zhoushan Dinghai Shinedao Education Tutorial School* (舟山市定海區學鼎教育培訓學校) and Yuyao Shinedao Education Tutorial School* (余姚市學鼎教育培訓學校), which are the PRC Operating Entities
“sq.m.”	square metre
“State-Owned Construction Land Use Rights Grant Contract(s)”	the State-Owned Construction Land Use Rights Grant Contract(s) to be entered into with Natural Resources and Planning Bureau of Gaoyi County pursuant to the Confirmation Letter IIIa, Confirmation Letter IIIb and Confirmation Letter IV
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限公司), a company with limited liability established under the laws of the PRC on 12 July 2017, an indirect wholly-owned subsidiary controlled by the Company through contractual arrangements
“%”	per cent

* *for identification purpose only*

The English names of the PRC entities (including schools), PRC laws or regulations and the PRC governmental authorities referred to in this circular are merely translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.



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)

Executive Directors:

Mr. Li Yunong (*Chairman*)
Ms. Liu Hongwei
Mr. Ren Caiyin
Ms. Yang Li
Mr. Li Yasheng

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. Guo Litian
Mr. Yao Zhijun
Mr. Wan Joseph Jason

Corporate headquarters:

8th Floor, Zhongdian Information Building
No. 356 Zhongshan West Road
Qiaoxi District
Shijiazhuang City
Hebei Province
the PRC

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

26 June 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSED MANDATE IN RELATION TO THE MAJOR
TRANSACTION IN RESPECT OF THE POTENTIAL
ACQUISITIONS OF LAND USE RIGHTS IN GAOYI
COUNTY, SHIJIAZHUANG, HEBEI PROVINCE, THE PRC**

BACKGROUND

References are made to the announcements of the Company dated 7 March 2022 and 28 April 2022 in relation to the Acquisition of the Land Use Rights I and the Acquisition of the Land Use Rights II, respectively. References are further made to the announcements of the Company dated 26 May 2022, 21 June 2022 and 23 June 2022 in relation to the Potential Acquisitions, respectively.

LETTER FROM THE BOARD

The Board intends to seek the Proposed Mandate to be granted in advance by the Shareholders to the Directors to enter into and complete the Potential Acquisitions through public tender process. Completion of the Acquisition of Land Use Rights III and the Acquisition of Land Use Rights IV are not inter-conditional. Based on the public tender notices of Land III and Land IV, the terms of the Potential Acquisitions are as follows:

1. Mandate Period

It is expected that, in case Shijiazhuang Zerui is successful in the bidding, Shijiazhuang Zerui will enter into the State-Owned Construction Land Use Rights Grant Contracts for Land III and Land IV by 13 August 2022 and 29 August 2022, respectively. To facilitate any unexpected delay which is beyond the Group's control, the Board proposes the Proposed Mandate to have a period from 21 June 2022 till 20 September 2022.

2. Major Terms of the Public Tender

Pursuant to the public tenders of Land III and Land IV, the major terms for the Acquisition of Land Use Rights III and Acquisition of Land Use Rights IV are as follows:

	Land III	Land IV
Deposit	Land IIIa: RMB37.0 million Land IIIb: RMB1.0 million	RMB20.0 million
Land Use	Education	Commercial
Site Area	Land IIIa: 153,502.86 sq.m. Land IIIb: 3,255.19 sq.m.	46,269.12 sq.m.
Term of land use right	50 years	40 years
Base Price	Land IIIa: RMB120.75 million Land IIIb: RMB3.07 million	RMB56.08 million
Submission period for participation in the public tender	Land IIIa: 20 June 2022 to 12 July 2022 Land IIIb: 20 June 2022 to 12 July 2022	23 June 2022 to 28 July 2022

LETTER FROM THE BOARD

	Land III	Land IV
Deadline of payment of deposit	Land IIIa: 12 July 2022 Land IIIb: 12 July 2022	28 July 2022
Bidding date	Land IIIa: 13 July 2022 Land IIIb: 13 July 2022	29 July 2022

The public tender notices for Land III and Land IV have been displayed under the section headed “Trading Services Hall” of Natural Resources and Planning Bureau of Gaoyi County’s website at <http://www.sjzsggzyjyzx.org.cn/#xwzxPage>.

3. Date and Procedures of the Public Tender

Shijiazhuang Zerui shall pay a deposit, being RMB38.0 million and RMB20.0 million, respectively, to the Public Resources Trading Centre of Gaoyi County as deposits for the auction of the land use rights of Land III and Land IV. The deposits will form part of the Consideration III and Consideration IV. In the event that Shijiazhuang Zerui fails to bid for Land III and/ or Land IV, the deposits will be returned to Shijiazhuang Zerui without interest accordingly.

Upon successful bidding of the land use rights of Land III and Land IV, the successful bidder is required to enter into Confirmation Letter IIIa, Confirmation Letter IIIb and Confirmation Letter IV with the Public Resources Trading Centre of Gaoyi County. As a result of the successful bidding, a State-Owned Construction Land Use Rights Grant Contract with the Natural Resources and Planning Bureau of Gaoyi County shall be entered into within thirty days after entering into each of the Confirmation Letter IIIa, Confirmation Letter IIIb and Confirmation Letter IV, respectively. The balance of the Consideration III and Consideration IV shall be paid within thirty days of entering into the State-Owned Construction Land Use Rights Grant Contracts.

4. Consideration

The Proposed Mandate authorises and empowers the Board to bid for the land use rights of Land IIIa, Land IIIb and Land IV with a maximum bidding price of RMB130.1 million, RMB3.2 million and RMB69.3 million, respectively. Consideration III and Consideration IV will depend on the final bidding price of the public tender. Consideration III and Consideration IV are expected to be financed by the Group’s internal resources. In bidding for the land use rights of the Land III and Land IV, Shijiazhuang Zerui will take into account the base price of the bidding, current market conditions, size and location of the Land III and

LETTER FROM THE BOARD

Land IV, land price(s) in the surrounding area and the valuation report prepared by an independent valuer. The Board has set the maximum bidding price for Land III and Land IV based on the indicative value in the valuation report.

INFORMATION OF THE LAND III AND LAND IV

Land III and Land IV are located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 156,758.05 sq.m. and 46,269.12 sq.m., respectively. Land III is for educational use with the term of the land use rights of 50 years while the Land IV is for commercial use with the term of the land use rights of 40 years. Land III will be used for the construction of the new campus of Shijiazhuang Institute of Technology while Land IV will be used for the construction of ancillary facilities of the new campus of Shijiazhuang Institute of Technology.

FINANCIAL EFFECTS OF THE POTENTIAL ACQUISITIONS

Given that Land III and Land IV are yet to be developed, the Company considers that there will not be any material effect on the earnings of the Group immediately after the execution of the State-Owned Construction Land Use Rights Grant Contract with the Natural Resources and Planning Bureau of Gaoyi County pursuant to each of Confirmation Letter IIIa, Confirmation Letter IIIb and Confirmation Letter IV, respectively.

As Consideration III and Consideration IV are expected to be financed by the Group's internal resources, the right-of-use assets of the Group will increase by approximately RMB202,600,000 and the cash and cash equivalents of the Group will decrease by approximately RMB202,600,000 accordingly. In order to maintain sufficient cash for its operation, the Group will obtain bank loans, where necessary, for its operation. Zerui Education has entered into a loan agreement with Bank of Cangzhou with a principal amount of RMB200 million in April 2022 for a term of 36 months for the purpose of construction of campus, renovation of education facilities and acquisition of teaching equipment. In addition, Zerui Education has liaised with Bank of Cangzhou for a loan with a principal amount of RMB100 million and the bank has confirmed the grant of such loan for working capital purpose.

As at 31 May 2022, Shijiazhuang Zerui has already fully settled the consideration of the Acquisition of Land Use Rights I and Acquisition of Land Use Rights II and according to the management accounts of the Group, it had cash and cash equivalent of approximately RMB329 million after such settlement. Considering (i) the amount of cash and unutilized bank loans currently available; (ii) the potential bank loans of RMB100 million that Zerui Education will obtain from a commercial bank; (iii) the recurring revenue received by the Group every month; and (iv) the students admission fee to be received by the Group for the start of new school term of 2022/2023 in September 2022, the Directors confirm that the Group, after payment of Consideration III and Consideration IV, will have sufficient cash for its operation for at least the next 12 months.

LETTER FROM THE BOARD

REASONS FOR AND BENEFIT OF THE POTENTIAL ACQUISITIONS

The Group will build a new campus of Shijiazhuang Institute of Technology on the Land III and ancillary facilities on the Land IV (Land I, Land II, Land III and Land IV being adjacent to each other), which is in line with the Group's development strategy and further enlarges the teaching scale of the Group's vocational education. The Group plans to develop the area into a university city with an international vision, where local high-tech industries and scientific research institutes would be included to build a demonstration area that integrates industries and education for cultivating high calibre and skilled talents. The Potential Acquisitions will bring positive influence to the sustainable development of the Group in the future, and are in the interests of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE PARTIES

The Company is an investment holding company and the Group is a private education service provider based in Hebei Province of the PRC, which provides educational services and related management services in the PRC.

Zerui Education is an investment holding company with limited liability established under the laws of the PRC on 12 July 2017, which is an indirect wholly-owned subsidiary controlled by the Company through contractual arrangements. Shijiazhuang Zerui is a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly-owned by Zerui Education. Shijiazhuang Zerui is mainly responsible for construction, operation management and business operation of teaching infrastructures.

The Public Resources Trading Centre of Gaoyi County is a local government authority under the People's Government of Gaoyi County, Shijiazhuang, Hebei Province, the PRC, and is responsible for, among other things, the management of the trading operation of public resources. The Natural Resources and Planning Bureau of Gaoyi County is a local government authority under the People's Government of Gaoyi County, Shijiazhuang, Hebei Province, the PRC, and is responsible for, among other things, the granting of land use rights in Gaoyi County, Shijiazhuang, Hebei Province, the PRC. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Public Resources Trading Centre of Gaoyi County, the Natural Resources and Planning Bureau of Gaoyi County and their ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

IMPLICATIONS UNDER THE LISTING RULES

One of the applicable percentage ratios for the Potential Acquisitions is higher than 25% but all are less than 100%. As the Acquisitions of Land Use Rights and the Potential Acquisitions (if materialised), would be entered into with the same party within a 12-month period, pursuant to Rule 14.22 of the Listing Rules, the transactions thereunder shall be aggregated as a series of transactions. As the highest applicable percentage ratio upon aggregation of the Acquisitions of Land Use Rights and the Potential Acquisitions is higher than 25% but is less than 100%, the

LETTER FROM THE BOARD

Potential Acquisitions, if materialised, are expected to constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Mandate; and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting of the Company to approve the Proposed Mandate and the Potential Acquisitions thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholder has a material interest in the Potential Acquisitions which is different from other Shareholders, and thus no Shareholder would be required to abstain from voting at a general meeting if such a general meeting were to be convened.

The controlling shareholders of the Company, namely Sainange Holdings Company Limited ("**Sainange Holdings**"), which currently holds 754,590,000 Shares (representing approximately 64.98% of the issued share capital of the Company as at the Latest Practicable Date) and Sainray Limited which currently holds 92,736,000 Shares (representing approximately 7.99% of the issued share capital of the Company as at the Latest Practicable Date). Sainange Holdings is wholly-owned by Mr. Li Yunong ("**Mr. Li**") while Sainray Limited is wholly-owned by Ms. Luo Xinlan ("**Ms. Luo**").

According to an acting in concert confirmation signed by Mr. Li and Ms. Luo dated 19 December 2016 (as supplemented on 1 September 2017), Mr. Li and Ms. Luo, the mother-in-law of Mr. Li, have been acting in concert since April 2005. Accordingly, each of Mr. Li, Ms. Luo, Sainange Holdings and Sainray Limited is deemed to be interested in the Shares/underlying Shares held by other parties to the concert party agreement. The interests of Sainange Holdings and Sainray Limited were duplicated with the interests of Mr. Li and Ms. Luo.

On 21 June 2022 and 23 June 2022, the Company has obtained written Shareholders' approval in lieu of holding a general meeting to approve the Proposed Mandate and Potential Acquisitions thereunder pursuant to Rule 14.44 of the Listing Rules from the controlling shareholders of the Company specified above, which together hold more than 50% of the issued Shares, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be held to approve the Proposed Mandate and Potential Acquisitions thereunder.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors believe that the Proposed Mandate and the Potential Acquisitions thereunder are on normal and commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
China 21st Century Education Group Limited
Li Yunong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the financial years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.21centuryedu.com>):

- Annual report of the Company for the year ended 31 December 2019 (pages 117 to 207): <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801126.pdf>
- Annual report of the Company for the year ended 31 December 2020 (pages 126 to 231): <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043000937.pdf>
- Annual report of the Company for the year ended 31 December 2021 (pages 125 to 207): <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801096.pdf>

2. INDEBTEDNESS STATEMENT

The Group

As at the close of business on 30 April 2022, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Group was as follows:

Security and guarantees

As at the close of business on 30 April 2022, the Group's secured bank and other borrowings were secured by term deposits and insurance of approximately RMB177.08 million, deposits of approximately RMB4.19 million, certain buildings, land use right, charging right of Shijiazhuang Institute of Technology, counter guarantee of approximately RMB0.36 million and total assets of Shijiazhuang Saintach Education and Technology Co., Ltd.

Bank and other borrowings

As at the close of business on 30 April 2022, the Group had (i) interest-bearing bank loans of approximately RMB456.94 million, with the effective annual interest rate between approximately 1.51%–8.30%; and (ii) other borrowings of approximately RMB171.46 million with the effective annual interest rate between 7.25%–10.45%.

Lease liabilities

As at the close of business on 30 April 2022, the lease liabilities of the Group amounted to approximately RMB35.04 million.

Commitments

As at the close of business on 30 April 2022, the Group's capital commitments to make contracted payments amounted to RMB80.31 million.

Contingent liabilities

As at 30 April 2022, the Group did not incur any material contingent liabilities.

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, the Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 30 April 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

Save as aforesaid, the Directors are not aware of any material changes in the indebtedness, contingent liabilities and commitments of the Group since 30 April 2022, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account (i) the additional financial resources available to the Group including the available banking facilities (including the loan of RMB200 million pursuant to a loan agreement entered into with Bank of Cangzhou in April 2022 and the loan of RMB100 million which Bank of Cangzhou has confirmed of its grant in April 2022); (ii) the internally generated funds from operation of the Group; (iii) the internal fund and revenue generated from the redemption of financial products; and (iv) the prudent approach of the Company's management team to ensure the pace of its expansion plans will not have an adverse impact on the Company's capital and expenditure, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseen circumstances.

The Board has also received a working capital sufficiency comfort letter under Rule 14.66(12) of the Listing Rules from the auditor.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As a large well-established private education service provider based in the Beijing-Tianjin-Hebei region, focusing on the operation and content incubation of the education industry, and adhering to the development vision of “promoting the progress of civilization with contents and technologies”, the Group has addressed itself to improving the efficiency and customer experience of education operation by virtue of technologies empowerment. Since the establishment of its first school in 2003, the Company has made notable achievements over the past 20 years to become a comprehensive education group focusing on vocational education and continuing education and actively put the development direction of industry-education integration into practice, with diversified revenue streams and a broad customer base. Since the Company’s listing in May 2018, the Group’s enrollment scale has increased 52.8%, and the number of its physical schools has increased from 5 to 14. In the future, the Group will take new vocational education as the main line of development and Shijiazhuang Institute of Technology as the foundation, deepen the development of industry education integration and expand continuing education products through internal construction and planning of school enterprise cooperation, mergers and acquisitions and government enterprise cooperation, carrying out vocational training and extending to lifelong education, so as to eventually become a comprehensive service provider of new vocational education.

The Group believes that the Potential Acquisitions will be in line with the Group’s aforesaid business strategies. The Group will build a new campus of Shijiazhuang Institute of Technology on Land III and ancillary facilities on the Land IV. The new campus has a capacity of about 30,000 students, which will expand the student capacity of Shijiazhuang Institute of Technology, and help to obtain more recruitment quota within a short term, thereby further enlarging the teaching scale of the Group’s vocational education and enhancing the level and quality of education. It will lay more foundation for Shijiazhuang Institute of Technology to get fully prepared for upgrading to undergraduate vocational university in the future. It has played a positive role in promoting the Group’s layout of the pan-vocational education industry ecology. The project of new campus was included in the List of Key Construction Projects in Hebei Province in 2022 (《河北省2022年省重點建設項目名單》) and obtained government subsidies. In the future, the Group will further cooperate with the government of Gaoyi County for mutual benefits and offer the school construction and student delivery based on the local government’s industrial planning, labor needs, output value goals, and outstanding enterprises that need to be introduced.

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2022 of the property interests intended to be acquired by the Group.



Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL : +852 3702 7338 FAX : +852 3914 6388

info@avaval.com

www.avaval.com

24 June 2022

The Board of Directors
China 21st Century Education Group Limited
31 Floor, Tower 2
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of China 21st Century Education Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests located in the People’s Republic of China (the “**PRC**”) intended to be acquired by the Group. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 30 April 2022 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a market value basis, which is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group and its legal adviser regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “**continued uses**”).

In valuing the property interests, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available. We have attributed no commercial value to the property interests, which have not assigned to the Group as of valuation date, thus the title of the property is not vested in the Group.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser — Jingtian & Gongcheng (競天公誠律師事務所), concerning the validity of title of the property interests in the PRC.

SITE INVESTIGATION

Due to the unfavourable effect of the Novel Coronavirus (COVID-19) and certain restrictions on travelling in the PRC, site inspection of the property was carried out on 15 May 2022 by our Shenzhen office senior valuer, Tina Li (more than 4 years property valuation experience). At the same time, we have also sought the assistance from Ms. Tina Li to carry out live broadcast and photo taking of the property during the site inspection so that our experienced valuer, Sarah Lee (MRICS MHKIS(GP) RICS Registered Valuer), was able to take part in the site inspection and understand the conditions of the property. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Director

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

SUMMARY OF VALUES

Property interests intended to be acquired by the Group for future development in the PRC

No.	Property	Market value in existing state as at 30 April 2022 RMB
1. (Land IIIa)	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
2. (Land IIIb)	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
3. (Land IV)	One parcel of commercial land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
	Total:	<u>No commercial value</u>

VALUATION CERTIFICATE

Property interests intended to be acquired by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
1.	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of educational land with a site area of approximately 153,502.86 sq.m. and the plot ratio should be not less than 1.14 and not more than 1.6.</p> <p>As advised by the Group, the property will be developed into the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 50 years.</p>	The property was vacant as at the valuation date.	No commercial value

Notes:

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	South of Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 09
Site Area:	153,502.86 sq.m.
Use:	Educational
Plot Ratio:	Not less than 1.14 and not more than 1.6
Green Ratio:	Not less than 35%
Building Density:	Not more than 30%
Height Limit:	Not more than 50 m
Land Use Term:	50 years

- iii. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
 - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
 - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 12 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
 - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
 - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 153,502.86 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, by adopting market approach, the market value of the property was in the sum of RMB130,100,000 under assumed land use terms of 50 years for educational use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
153,502.86	Not less than 1.14 and not more than 1.6	Educational

- v. In the course of our valuation of the vacant land, we have considered and analysed the educational land transactions in Shijiazhuang City. We have adopted the range of land price unit rates between RMB730 and RMB1,010 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
2.	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of educational land with a site area of approximately 3,255.19 sq.m. and the plot ratio should be not less than 1.14 and not more than 1.6.</p> <p>As advised by the Group, the property will be developed into the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 50 years.</p>	The property was vacant as at the valuation date.	No commercial value

Notes:

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	South of Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 11
Site Area:	3,255.19 sq.m.
Use:	Educational
Plot Ratio:	Not less than 1.14 and not more than 1.6
Green Ratio:	Not less than 35%
Building Density:	Not more than 30%
Height Limit:	Not more than 50 m
Land Use Term:	50 years

- iii. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
 - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
 - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 12 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
 - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
 - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 3,255.19 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, the market value of the property was in the sum of RMB3,200,000 under assumed land use terms of 50 years for educational use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
3,255.19	Not less than 1.14 and not more than 1.6	Educational

- v. In the course of our valuation of the vacant land, we have considered and analysed the educational land transactions in Shijiazhuang City. We have adopted the range of land price unit rates between RMB840 and RMB1,160 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
3.	One parcel of commercial land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of commercial land with a site area of approximately 46,269.12 sq.m. and the plot ratio should be more than 1.0 but not more than 2.0.</p> <p>As advised by the Group, the property will be developed into the ancillary facilities of the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 40 years.</p>	The property was vacant as at the valuation date.	No commercial value

Notes:

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 03
Site Area:	46,269.12 sq.m.
Use:	Commercial
Plot Ratio:	More than 1.0 but not more than 2.0
Green Ratio:	Not less than 30%
Building Density:	Not more than 45%
Height Limit:	Not more than 50 m
Land Use Term:	40 years

- iii. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
 - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
 - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 28 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
 - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
 - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 46,269.12 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, by adopting market approach, the market value of the property was in the sum of RMB69,300,000 under assumed land use terms of 40 years for commercial use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
46,269.12	more than 1.0 but not more than 2.0	Commercial

- v. In the course of our valuation of the vacant land, we have considered and analysed the commercial land transactions in Shijiazhuang City. The accommodation value of the land transactions is ranging from RMB720 to RMB810 per sq.m. for commercial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Director	Nature of interest	Number of Shares ⁽⁶⁾	Approximate percentage of shareholding ⁽⁷⁾
Mr. Li Yunong ⁽¹⁾	Founder of a discretionary trust who can influence how the trustee exercises on his discretion	754,590,000 (L)	64.98%
	Beneficial owner	1,902,000 (L)	0.16%
	Beneficial owner	666,000 (L)	0.06%
	Beneficiary of a trust (other than a discretionary interest)	1,554,000 (L)	0.13%

Director	Nature of interest	Number of Shares ⁽⁶⁾	Approximate percentage of shareholding ⁽⁷⁾
Ms. Liu Hongwei ⁽²⁾	Beneficial owner	2,061,000 (L)	0.18%
	Beneficial owner	666,000 (L)	0.06%
	Beneficiary of a trust (other than a discretionary interest)	1,554,000 (L)	0.13%
Mr. Ren Caiyin ⁽³⁾	Beneficial owner	951,000 (L)	0.08%
	Beneficial owner	443,700 (L)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	1,035,300 (L)	0.09%
Ms. Yang Li ⁽⁴⁾	Beneficial owner	951,000 (L)	0.08%
	Beneficial owner	443,700 (L)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	1,035,300 (L)	0.09%
Mr. Li Yasheng ⁽⁵⁾	Beneficial owner	633,000 (L)	0.05%
	Beneficial owner	296,100 (L)	0.03%
	Beneficiary of a trust (other than a discretionary interest)	690,900 (L)	0.06%

Notes:

- (1) On 16 January 2020, the Company was informed by Mr. Li Yunong that he had transferred his 100% shareholding in Sainange Holdings to Leonus Holdings Limited (“**Leonus**”) for family wealth and succession planning purposes. After the shareholding transfer, the family trust to established by Mr. Li Yunong indirectly, through Leonus, holds 754,590,000 Shares held by Sainange Holdings. Mr. Li Yunong was therefore deemed to be interested in the Shares held by Sainange Holdings by virtue of the SFO, being 754,590,000 Shares. For details, please refer to the announcement of the Company dated 21 January 2020. On 5 November 2020, 1,902,000 share options, representing 1,902,000 underlying Shares, were granted to Mr. Li Yunong pursuant to the Share Option Scheme. For details, please refer to the announcement of the Company dated 5 November 2020. On 29 December 2020, 2,220,000 award shares were granted to Mr. Li Yunong pursuant to the Share Award Plan, subject to the vesting conditions under the grant, of which 666,000 award shares had vested on 29 December 2021. For details, please refer to the announcement of the Company dated 29 December 2020.
- (2) On 5 November 2020, 2,061,000 share options, representing 2,061,000 underlying Shares were granted to Ms. Liu Hongwei under the Share Option Scheme. On 29 December 2020, 2,220,000 award shares were granted to Ms. Liu Hongwei pursuant to the Share Award Plan, of which 666,000 award shares had vested on 29 December 2021.

- (3) On 5 November 2020, 951,000 share options, representing 951,000 underlying Shares were granted to Mr. Ren Caiyin under the Share Option Scheme. On 29 December 2020, 1,479,000 award shares were granted to Mr. Ren Caiyin pursuant to the Share Award Plan, of which 443,700 award shares had vested on 29 December 2021.
- (4) On 5 November 2020, 951,000 share options, representing 951,000 underlying Shares were granted to Ms. Yang Li under the Share Option Scheme. On 29 December 2020, 1,479,000 award shares were granted to Ms. Yang Li pursuant to the Share Award Plan, of which 443,700 award shares had vested on 29 December 2021.
- (5) On 5 November 2020, 633,000 share options, representing 633,000 underlying Shares were granted to Mr. Li Yasheng under the Share Option Scheme. On 29 December 2020, 987,000 award shares were granted to Mr. Li Yasheng pursuant to the Share Award Plan, of which 296,100 award shares had vested on 29 December 2021.
- (6) The letter (L) denotes a long position in such securities.
- (7) As at the Latest Practicable Date, the number of the issued shares of the Company was 1,161,204,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares and underlying Shares ⁽⁵⁾	Approximate percentage of shareholding ⁽⁶⁾
Ms. Cao Yang ⁽³⁾	Spouse interest	758,712,000 (L)	65.34%
Sainange Holdings	Beneficial owner	754,590,000 (L)	64.98%
Leonus	Interest in a controlled corporation	754,590,000 (L)	64.98%

Name	Nature of interest	Number of Shares and underlying Shares ⁽⁵⁾	Approximate percentage of shareholding ⁽⁶⁾
HSBC International Trustee Limited ⁽¹⁾	Trustee	754,590,000 (L)	64.98%
Ms. Luo Xinlan ⁽²⁾⁽⁴⁾	Interest in a controlled corporation	92,736,000 (L)	7.99%
Mr. Cao Jide ⁽⁴⁾	Spouse interest	92,736,000 (L)	7.99%
Sainray Limited	Beneficial owner	92,736,000 (L)	7.99%

Notes:

- (1) Mr. Li Yunong is the founder of a trust of which HSBC International Trustee Limited is the trustee having control over the entire issued shares of Leonus, which in turn holds the entire issued shares of Sainange Holdings. Each of Mr. Li Yunong, HSBC International Trustee Limited and Leonus is deemed to be interested in the 754,590,000 Shares held by Sainange Holdings by virtue of the SFO.
- (2) Ms. Luo Xinlan is the sole shareholder of Sainray Limited and she is therefore deemed to be interested in the Shares held by Sainray Limited by virtue of the SFO, being 92,736,000 Shares.
- (3) Ms. Cao Yang is the spouse of Mr. Li Yunong and she is therefore deemed to be interested in the Shares in which Mr. Li Yunong is interested by virtue of the SFO, being 758,712,000 Shares.
- (4) Mr. Cao Jide is the spouse of Ms. Luo Xinlan and he is therefore deemed to be interested in the Shares in which Ms. Luo Xinlan is interested by virtue of the SFO, being 92,736,000 Shares.
- (5) The letter (L) denotes a long position in such securities.
- (6) As at the Latest Practicable Date, the number of the issued shares of the Company was 1,161,204,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the substantial or significant Shareholders or other persons, other than the Directors and chief executive of the Company whose interest are set out in the section above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. INTEREST OF DIRECTORS IN COMPETING BUSINESS

On 27 May 2020, the Company renewed the entrustment agreement entered into between Shijiazhuang Institute of Technology and Hebei Lionful Education Investment Co., Ltd.* (河北廿一世紀教育投資有限公司) (“**Lionful Education**”) on 21 June 2010. For details, please refer to the announcement of the Company dated 27 May 2020. In addition, the Company, was notified by Mr. Li Yunong in May 2020 that Lionful Education, which is effectively controlled by him and Ms. Luo Xinlan, has acquired Shijiazhuang Peisen Education Technology Co., Ltd.* (石家莊培森教育

科技有限公司)。Shijiazhuang Peisen Education Technology Co., Ltd. owns Shijiazhuang High-tech Zone Zhangjiu Center Kindergarten Co., Ltd.* (石家莊高新區長九中心幼兒園有限責任公司), Shijiazhuang Shiguang Kindergarten Co., Ltd.* (石家莊時光幼兒園有限公司), Shijiazhuang Yuhua Saintach Zhongmei Kindergarten* (石家莊市裕華區新天際眾美幼兒園) and Shijiazhuang Qiaoxi Yingjia Kindergarten Co., Ltd.* (石家莊橋西區盈嘉幼兒園有限公司), all of which are located in Shijiazhuang. However, owing to the fact that the coverage of the kindergarten business of Shijiazhuang Peisen Education Technology Co., Ltd. is relatively smaller, the resulting business competition with the Group is limited. Moreover, according to the Certain Opinions of the CPC Central Committee and the State Council on Deepening the Reform and Regulating the Development of Preschool Education (《中共中央、國務院關於學前教育深化改革規範發展的若干意見》) authorized to release by Xinhua News Agency in November 2018, the Company will no longer expand the physical premises of kindergartens. Owing to this, Hebei Sheng Dao Xiang Cheng Education and Technology Co., Ltd.* (河北晟道象成教育科技有限公司) has issued a confirmation letter, stating that it agreed to the acquisition of Shijiazhuang Peisen Education Technology Co., Ltd. by Lionful Education to commence the kindergarten business. Save as disclosed and as at the Latest Practicable Date, the Directors were not aware that any of them or any of their respective close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

4. DIRECTORS' INTEREST IN ASSET AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, save as those disclosed in the section headed “Disclosure of Interests” above, the Old Assets Restructuring Agreement (as defined hereunder), the New Lease Agreement (as defined hereunder), and other connected transactions as disclosed in the annual report of the Company for the year ended 31 December 2021, none of the Directors (i) was interested, directly or indirectly, in any assets which, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the assets restructuring agreement dated 20 November 2020 entered into between Shijiazhuang Institute of Technology and Lionful Education in relation to acquisition of five dormitory buildings by the Group for a total consideration of RMB105,000,000 (the “**Old Assets Restructuring Agreement**”);
- (b) the lease agreement dated 20 November 2020 entered into between Shijiazhuang Institute of Technology (as lessee) and Lionful Education (as lessor) with respect to (i) five dormitory buildings; (ii) one auto training centre; (iii) one canteen; (iv) one infirmary; and (v) a library, at the annual rent of RMB3,700,000 (inclusive of ancillary facilities usage fees, equipment fees, management fees and maintenance fees) for a term of five years (the “**New Lease Agreement**”);
- (c) the first finance lease agreement dated 20 April 2021 entered into between Haier Finance Leasing Corp., Ltd.* (海爾融資租賃股份有限公司) (“**Haier Finance**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Haier Finance agreed to lease certain teaching equipment, furniture, laboratory equipment, books and electronic devices owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB45,000,000;
- (d) the second finance lease agreement dated 20 April 2021 entered into between JIC Leasing (Shanghai) Co., Ltd.* (中建投融資租賃(上海)有限公司) (“**JIC Leasing**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which JIC Leasing agreed to lease certain teaching equipment, furniture, books and electronic devices owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB50,000,000;
- (e) the finance lease agreement dated 29 June 2021 entered into between Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司) (“**Haitong Unitrust**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Haitong Unitrust agreed to lease air-conditioning equipment, monitoring equipment (such as surveillance cameras, etc), teaching and learning equipment (such as computers, television sets, projectors, and training sets, etc) and general office equipment and furniture (such as tables, chairs and printers, etc) owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB52,500,000;

- (f) the finance lease agreement dated 26 August 2021 entered into between Shanghai Aijian International Financial Leasing Co., Ltd. (上海愛建融資租賃股份有限公司) (“**Shanghai Aijian**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Shanghai Aijian agreed to lease air-conditioning equipment, monitoring equipment (such as surveillance cameras, etc), teaching and learning equipment (such as computers, television sets, projectors and training sets, etc) and general office equipment and furniture (such as tables, chairs and printers, etc) owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of approximately RMB45,200,000;
- (g) the share transfer agreement dated 28 September 2021 entered into between, among others, (i) Zerui Education and Chongqing Zeji Cultural Communication Co., Ltd.* (重慶澤際文化傳播有限公司) (as purchasers); (ii) Heze Chiyue Education Technology Partnership (Limited Liability Partnership)* (荷澤馳悅教育科技合夥企業(有限合夥)) and Heze Dingchi Educational Technology Partnership (Limited Liability Partnership)* (荷澤鼎馳教育科技合夥企業(有限合夥)) (as vendors); and (iii) Chongqing Liangli Industrial Company Limited* (重慶亮力實業有限公司) and Chongqing Dihuang Investment Company Limited* (重慶迪凰投資有限公司) (as guarantors), in relation to the acquisition of 100% equity interest in Chongqing Jueqi Investment Co., Ltd.* (重慶崛起投資股份有限公司), which holds 100% sponsor interests in Chongqing Resources and Environmental Protection of University* (重慶資源與環境保護職業學院) for an aggregate consideration of RMB410 million, among which (i) approximately RMB202.2 million is the consideration for the share transfer; and (ii) approximately RMB207.8 million is the consideration for the debt assignment;
- (h) the assets restructuring agreement dated 5 November 2021 entered into between Shijiazhuang Institute of Technology and Lionful Education in relation to the acquisition of one library, one auto training centre, four canteens and six dormitory buildings (including the properties under the Old Assets Restructuring Agreement) by the Group for a total consideration of RMB310,000,000;
- (i) the termination agreement dated 18 November 2021, entered into between, among others, (i) Zerui Education and Chongqing Zeji Cultural Communication Co., Ltd.* (重慶澤際文化傳播有限公司) (as purchasers); (ii) Heze Chiyue Education Technology Partnership (Limited Liability Partnership)* (荷澤馳悅教育科技合夥企業(有限合夥)) and Heze Dingchi Educational Technology Partnership (Limited Liability Partnership)* (荷澤鼎馳教育科技合夥企業(有限合夥)) (as vendors); and (iii) Chongqing Liangli Industrial Company Limited* (重慶亮力實業有限公司) and Chongqing Dihuang Investment Company Limited* (重慶迪凰投資有限公司) (as guarantors), in relation to the termination of the share transfer agreement dated 28 September 2021;
- (j) the finance lease agreement dated 7 June 2022 entered into between Sinopharm Holding (China) Finance Leasing Co., Ltd (國藥控股(中國)融資租賃有限公司) (“**Sinopharm Holding**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to

which Sinopharm Holding agreed to purchase air-conditioning equipment, solar-power equipment, teaching and learning equipment (such as intelligent blackboard, laboratory equipment, and robotics training sets, etc.) and general office equipment and furniture (such as tables, chairs and bookshelves, etc.) owned by Shijiazhuang Institute of Technology at a consideration of RMB30,000,000 and lease them back to Shijiazhuang Institute of Technology for its ordinary business for a period of 30 months at a total consideration of approximately RMB32,770,000.00;

- (k) the State-Owned Construction Land Use Rights Grant Contract dated 7 March 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County in relation to the Acquisition of Land Use Rights I; and
- (l) the State-Owned Construction Land Use Rights Grant Contract dated 28 April 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County in relation to the Acquisition of Land Use Rights II.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

Name	Qualifications
AVISTA Valuation Advisory Limited	Independent valuer
Jingtian & Gongcheng	PRC legal adviser

AVISTA Valuation Advisory Limited and Jingtian & Gongcheng have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letter of advice or references to their name in the form and context in which its respectively appear.

As at the Latest Practicable Date, AVISTA Valuation Advisory Limited and Jingtian & Gongcheng did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, AVISTA Valuation Advisory Limited and Jingtian & Gongcheng had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

10. CORPORATE INFORMATION OF THE COMPANY

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in the PRC	8th Floor Zhongdian Information Building No. 356 Zhongshan West Road Qiaoxi District Shijiazhuang City Hebei Province, the PRC
Principal place of business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay, Hong Kong
Cayman Islands share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Joint Company Secretaries	Mr. Yang Yang Mr. Leung Chi Kit (<i>associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom</i>)

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.21centuryedu.com>) during the period of 14 days from the date of this circular:

- a) the valuation report on the acquisition of land use rights of Land III and Land IV, the text of which is set out in Appendix II to this circular; and
- b) the written consents referred to in the section headed “Expert and Consent” in this appendix.