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## **China Kepei Education Group Limited**

**中國科培教育集團有限公司**

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

**(Stock Code: 1890)**

### **CONNECTED TRANSACTION IN RELATION TO LEASE AGREEMENT**

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On 14 April 2022, Guangdong Polytechnic College, as lessee, entered into the Lease Agreement with the Lessor, as lessor, pursuant to which the Lessor has agreed to lease the Premises located at Dinghu District, Zhaoqing, Guangdong Province, the PRC to Guangdong Polytechnic College, for a term of six years commencing from 15 July 2022 to 14 July 2028.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Lessor is owned by Mr. Ye and an Independent Third Party as to 50% and 50%, respectively. Mr. Ye, an executive Director and one of the controlling Shareholders, is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As the Lessor is a 30%-controlled company held directly by Mr. Ye, the Lessor is an associate of Mr. Ye and therefore, a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules.

In accordance with HKFRS 16 applicable to the Company, the transaction contemplated under the Lease Agreement will be recognized as an acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use assets to be recognized by the Company in connection with the Lease Agreement exceed 0.1% but are less than 5%, the Lease Agreement is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Lease Agreement are summarized as follows:

- Date:** 14 April 2022
- Parties:** Guangdong Polytechnic College, as lessee  
Guangdong Science and Technology Real Estate Development Co., Ltd., as lessor
- Term:** A term of six years from 15 July 2022 to 14 July 2028 (the “**Term**”)
- Premises:** 177 flats (approximately 16,451 rentable sq. m.) located at Building K, Ding Hu Tao Li Yuan, 1 Longding Road, District 72, Dinghu District, Zhaoqing, Guangdong Province, the PRC (中國廣東省肇慶市鼎湖區72區龍鼎路1號鼎湖桃李園K棟)
- Rent:** RMB3,950,000 (equivalent to approximately HK\$4,858,500) per year (exclusive of management fees and utilities, which are borne by the lessee), which is determined after arm’s length negotiation with reference to the prevailing market rent of properties of comparable size and quality situated in the same locality which is available and is expected to be satisfied by the internal resources of the Group
- Rent Adjustment:** The annual rent will be adjusted upward by 10% every two years. If the lessee pays two years’ rent in a lump sum within ten days after the signing of the Lease Agreement, the total rent payable by the lessee for two years shall be reduced from RMB7,900,000 (equivalent to approximately HK\$9,717,000) to RMB7,505,000 (equivalent to approximately HK\$9,231,150); and if the lessee pays four years’ rent in a lump sum within ten days after the signing of the Lease Agreement, the total rent payable by the lessee for four years shall be reduced from RMB15,800,000 (equivalent to approximately HK\$19,434,000) to RMB14,931,000 (equivalent to approximately HK\$18,365,130)
- Payment Terms:** The annual rent shall be payable within the ten days immediately prior to the commencement of each year throughout the Term

The value of the right-of-use assets to be recognized by the Company under the Lease Agreement amounted to approximately RMB22,578,000 (equivalent to approximately HK\$27,770,940), which represents the present value of the aggregated lease payments to be made under the Lease Agreement in accordance with HKFRS 16.

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

In view of the Group's continuous expansion in the PRC, the Company considers that the current dormitory space for teachers at Zhaoqing, Guangdong Province may not be sufficient. As such, with an aim to further enhancing the quality of teaching as well as attracting and retaining high-quality teachers, the Board considers that it is beneficial to obtain lease from the Lessor, taking into account (i) the close proximity of the Premises to the Group's schools in Zhaoqing, Guangdong Province; (ii) that the layout and fixtures of the Premises are of a nature and type suitable for intended purpose as dormitory; and (iii) that entering into the Lease Agreement with the Lessor (which is controlled by Mr. Ye) may provide more stability to the Company's lease and use of the Premises in accordance with the terms of the Lease Agreement as compared to other lessors which are Independent Third Parties.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Lease Agreement are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Apart from Mr. Ye, an executive Director, and Mr. Ye Xun (being the son of Mr. Ye), an executive Director, who are considered to have a material interest in the transactions contemplated under the Lease Agreement and have abstained from voting on the relevant Board resolutions of the Company approving the above transactions, none of the Directors has any material interest in such transactions or is otherwise required to abstain from voting on the Board resolutions of the Company approving such transactions.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is principally engaged in the provision of private higher education in the PRC focusing on profession-oriented education. Currently, the Group is operating four schools in the PRC, namely Guangdong Polytechnic College, Zhaoqing Science and Technology Secondary Vocational School\* (肇慶市科技中等職業學校), Harbin Institute of Petroleum\* (哈爾濱石油學院) and Huaibei Polytechnic College (淮北理工學院).

### **Guangdong Polytechnic College**

Guangdong Polytechnic College (廣東理工學院) is a private institution of higher education established in the PRC on 8 December 2005, of which the school sponsor's interest is wholly owned by Zhaoqing Kepei Education Investment Development Co., Ltd. and is a consolidated affiliated entity of the Company.

### **The Lessor**

As at the date of this announcement, the Lessor is owned by Mr. Ye and Mr. Tao Qiusheng as to 50% and 50%, respectively. The Lessor is principally engaged in real estate development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Tao Qiusheng is an Independent Third Party.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, the Lessor is owned by Mr. Ye as to 50%. Mr. Ye, an executive Director and one of the controlling Shareholders, is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As the Lessor is a 30%-controlled company held directly by Mr. Ye, the Lessor is an associate of Mr. Ye and therefore, a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules.

In accordance with HKFRS 16 applicable to the Company, the transaction contemplated under the Lease Agreement will be recognized as an acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use assets to be recognized by the Company in connection with the Lease Agreement exceed 0.1% but are less than 5%, the Lease Agreement is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Kepei Education Group Limited (中國科培教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 August 2017
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected persons of the Company

“Lease Agreement”	the lease agreement dated 14 April 2022 entered into between Guangdong Polytechnic College and the Lessor
“Lessor”	Guangdong Science and Technology Real Estate Development Co., Ltd. (廣東理工房地產開發有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Mr. Ye”	Mr. Ye Nianqiao (葉念喬), the founder of the Group, one of the controlling Shareholders, chairman of the Board and an executive Director
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Premises”	Building K, Ding Hu Tao Li Yuan, 1 Longding Road, District 72, Dinghu District, Zhaoqing, Guangdong Province, the PRC (中國廣東省肇慶市鼎湖區72區龍鼎路1號鼎湖桃李園K棟)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* for identification purpose only

By order of the Board  
**China Kepei Education Group Limited**  
**Ye Nianqiao**  
*Chairman*

Hong Kong, 14 April 2022

*As at the date of this announcement, the Board comprises Mr. Ye Nianqiao, Dr. Zhang Xiangwei, Mr. Zha Donghui, Ms. Li Yan and Mr. Ye Xun as executive Directors, Mr. Wang Chuanwu as non-executive Directors; and Dr. Xu Ming, Dr. Deng Feiqi and Mr. Lu Chao as independent non-executive Directors.*

*For the purpose of this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.23. The exchange rate is used for illustration purposes only and should not be taken as a representation that the HK\$ amount could actually be converted into RMB at that rate, or at all.*