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XJ International Holdings Co., Ltd.

希教國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1765)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF ENTIRE EQUITY INTEREST IN TARGET COMPANIES

THE DISPOSAL

The Board is pleased to announce that, on 29 November 2024 (after trading hours), the Purchasers and the Vendors entered into the Equity Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to transfer and the Purchasers have conditionally agreed to acquire (1) 100% equity interest in the Target Companies (the “**Target Equity Interests**”); and (2) the entire operation rights and interest in the Target College owned by Giant Education (the “**College Operation Rights**”), at a Total Valuation of RMB540 million. After deducting the total amount of external liabilities as disclosed on the transaction day, the total transaction consideration is estimated to be RMB420 million, with the final amount to be determined upon completion of the final transaction settlement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further information on the Disposal and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 20 December 2024.

Completion is conditional upon the satisfaction of the conditions set out in the section headed “The Equity Transfer Agreement — Conditions Precedent” in this announcement, including the approval of the Equity Transfer Agreement and the Disposal contemplated thereunder by the Shareholders at EGM.

Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 29 November 2024 (after trading hours), the Purchasers and the Vendors entered into the Equity Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to transfer and the Purchasers have conditionally agreed to acquire (1) the Target Equity Interests; and (2) the College Operation Rights, at a Total Valuation of RMB540 million. After deducting the total amount of external liabilities as disclosed on the transaction day, the total transaction consideration is estimated to be RMB420 million, with the final amount to be determined upon completion of the final transaction settlement.

MAJOR TERMS OF THE DISPOSAL

Vendors: (i) Sichuan Hope Education

(ii) Chengdu Jinyuhua

Purchasers: (i) Laike Holdings

(ii) Nanfeng Company

Purchasers' Guarantor: Mr. Liu Wenxian

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchasers and their ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

Pursuant to the Equity Transfer Agreement, the Vendors have conditionally agreed to transfer and the Purchasers has conditionally agreed to purchase (1) the Target Equity Interests; and (2) the College Operation Rights.

Consideration and basis of Consideration

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor was arrived at arm's length negotiations between the Vendor and the Purchaser. The Total Consideration of this disposal is expected to be RMB420 million, with the final amount to be determined upon completion of the transaction settlement.

The consideration of the Disposal is determined after arm's length negotiation by the Vendors and the Purchasers on normal commercial terms with reference to factors such as the past turnover and assets, the location and brand, the programs offered, the employment opportunity and prospects of graduates, the number of students and the number of admissions of the Target Subjects.

Conditions Precedent

Completion of the Disposal is subject to the following conditions precedent being fulfilled, including but not limited to:

1. the approval of the requisite resolutions by the Directors/the Shareholders at the Board meeting/the EGM for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder is obtained;

Transaction Arrangement

1. The acquirer pays the equity transfer consideration, and repays part of the debt of the Target Subjects of RMB300 million in total, in which RMB200 million is paid in 7 working days after the agreement is signed. Thereafter, the Purchasers obtain:
 - a) 70% equity interest of the Target Companies;
 - b) Partial management rights of the Target School, etc.
2. The acquirer pays the remaining equity transfer consideration, and repays part of the debt of the Target Subjects of RMB240 million in total. Thereafter, the Purchasers obtain:
 - a) The remaining 30% equity interest of the Target Companies;
 - b) Full management rights of the Target School.

Upon the Completion, the Purchasers will hold 100% equity interest in the Target Companies and be entitled to the entire operation rights and interest in the Target College.

Completion

Completion shall take place within five Business Days (or such other later date as agreed between the parties) upon the Conditions Precedent being satisfied, fulfilled (as the case may be), or such other date as may be agreed by the parties to the Equity Transfer Agreement in writing.

Guarantee

The Purchasers' Guarantor agreed to guarantee the performance by, and the obligations and liabilities of, the Purchasers under the Equity Transfer Agreement, subject to the terms and conditions as set out therein.

INFORMATION OF THE PURCHASERS

Laike Holdings, one of the Purchasers, is a company incorporated in the PRC with limited liability. Its principal business is investment holding. Nanfeng Company, one of the Purchasers, is a company incorporated in the PRC with limited liability, mainly engaged in education management and education industry investment.

To the best of the Directors' knowledge, information and belief (having made all reasonable enquiries) and based on the information provided, the Purchasers and their ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE COMPANY AND THE VENDORS

The Company is an investment holding company and its subsidiaries (including its consolidated affiliated entities) are principally engaged in private higher education. Sichuan Hope Education, one of the Vendors, is one of the consolidated affiliated entities of the Company and is principally engaged in education management and education industry investment. Chengdu Jinyuhua, one of the Vendors, is one of the consolidated affiliated entities of the Company and is principally engaged in the business of providing enterprise management services.

INFORMATION ON THE TARGET COMPANIES AND THE TARGET COLLEGE

The Target Companies are Giant Education and Wuhu Property. Giant Education is a company incorporated in the PRC with limited liability and is principally engaged in educational consultancy services and business management services. As at the date of this announcement, Giant Education is wholly and beneficially owned by Sichuan Hope Education. Wuhu Property is a company incorporated in the PRC with limited liability and is principally engaged in real estate development and operation and leasing services of its own commercial housing. As at the date of this announcement, Wuhu Property is wholly and beneficially owned by Chengdu Jinyuhua.

The Target College is a non-profit and full-time private institution of higher education approved and established by the People’s Government of Hebei Province in 2021, with a start-up capital of RMB5 million. As at the date of this announcement, Giant Education is the organizer of the Target College and owns 100% of the operation rights and interests in the Target College.

FINANCIAL INFORMATION OF THE TARGET COMPANIES AND THE TARGET COLLEGE

Set out below is the financial information of the Target Companies and the Target College based on the audited consolidated financial statements of the Target Companies and the Target College for the two years ended 31 August 2023 and 31 August 2024:

The Target Companies

	For the year ended 31 August 2023	For the year ended 31 August 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) before income tax	(16,088)	51
Profit after income tax	(16,088)	51

The unaudited consolidated net asset value of the Target Companies as at 31 August 2024 were RMB34,718 thousand.

The Target College

	For the year ended 31 August 2023	For the year ended 31 August 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) before income tax	5,408	8,267
Profit after income tax	5,408	8,267

The unaudited consolidated net asset value of the Target College as at 31 August 2024 was RMB18,887 thousand.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Target Companies will cease to be the subsidiaries of the Group, the Target College will cease to be the joint venture of Sichuan Hope Education, and their financial results, assets and liabilities will cease to be consolidated into the consolidated financial statements of the Group. It is estimated that, upon completion of the Disposal, the Company will record an unaudited profit of approximately RMB20 million from the Disposal, which was based on the consideration less the unaudited carrying amount of the joint venture as of the Valuation Date. The Company's estimated profit or loss from the Disposal is unaudited and may vary upon completion of the Disposal, subject to the concrete and final consideration amount of the Disposal. The Group intends to utilize the net proceeds from the Disposal for the improvement of operation condition of its existing schools and satisfy the needs for basic operation condition.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will better assist the Company in raising funds, acquiring financial resources, and effectively resolving debts for the Company, thereby creating conditions for the Company's sustainable development.

Given the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transfer Agreement are of normal commercial terms, and are fair and reasonable. The Disposal is in line with the business strategy of the Group, and is in line with the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Any Shareholder and his/her close associate(s) with a material interest in the Disposal shall abstain from voting on the resolution approving the Disposal in the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Disposal; and therefore, none of them will be required to abstain from voting on the relevant resolution to approve the Disposal at the EGM.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further details of the Disposal, a notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 20 December 2024, as additional time is required by the Company to enter into the Equity Transfer Agreement and for the preparation of relevant information for inclusion in the circular.

The Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board” or “Board of Directors”	the board of directors of the Company
“Chengdu Jinyuhua”	Chengdu Jinyuhua Enterprise Management Co., Ltd.* (成都瑾育華企業管理有限公司), a company incorporated in the PRC with limited liability
“China” or “PRC”	The People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Closing Date”	the payment settlement date of the first installment of payment, which shall be within seven (7) business days following the execution of the Equity Transfer Agreement
“Company”, “our Company” or “XJ International”	XJ International Holdings Co., Ltd. (希教國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Transfer Agreement

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of our Company
“Disposal”	the disposal of 100.0% equity interest in the Target Companies and the operation rights and interests in the Target College by the Vendors to the Purchasers pursuant to the terms and conditions of the Sale and Transfer Agreement
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Vendors and Purchasers, pursuant to which the Vendors shall sell and the Purchasers shall acquire 100.0% equity interest in the Target Companies and the Vendors shall transfer the operation rights and interests in the Target College to the Purchasers
“Giant Education”	Weixian Giant Education Technology Co., Ltd.* (威縣巨人教育科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Sichuan Hope Education
“Group”, “our Group”, “we” or “us”	our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party(ies) independent of, and not connected with, the Company and its connected persons which has the meaning ascribed to it under the Listing Rules
“Laike Holdings”	Laike Holdings Co., Ltd.* (萊克控股有限公司), a company incorporated in the PRC with limited liability
“Listing”	the listing of the Company’s Shares on the Main Board on 3 August 2018

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Nanfeng Company”	Nanfeng Zhiwoyi (Beijing) Education Technology Co., Ltd.* (南風知我意(北京)教育科技有限公司), a company incorporated in the PRC with limited liability
“Purchasers”	Laike Holdings and Nanfeng Company
“Purchasers’ Guarantor”	Mr. Liu Wenxian, the legal representative and ultimate beneficial owner of the Purchasers
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Sichuan Hope Education”	Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), one of the consolidated affiliated entities of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target College”	Xingtai Vocational College of Applied Technology* (邢臺應用技術職業學院), a private college established in the PRC, in which Giant Education enjoys the entire operation rights and interest
“Target Companies”	Giant Education and Wuhu Property
“Target Subjects”	the Target College and the Target Companies
“Total Consideration”	the total consideration of the Disposal in the sum of RMB420 million
“Total Valuation”	the total valuation of the Disposal in the sum of RMB540 million
“Valuation Date”	31 August 2024
“Vendors”	Sichuan Hope Education and Chengdu Jinyuhua

“Wuhu Property” Hebei Wuhu Property Development Co., Ltd.* (河北五湖房地產開發有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Chengdu Jinyuhua

“%” per cent

By Order of the Board
XJ International Holdings Co., Ltd.
Zhang Bing
Chairman

Hong Kong, 29 November 2024

As at the date of this announcement, the Board of the Company comprises Mr. Deng Yi, Mr. Wang Huiwu and Ms. Lou Qunwei as executive Directors; Mr. Zhang Bing, Mr. Xu Changjun and Mr. Li Tao as non-executive Directors; and Mr. Zhang Jin, Mr. Liu Zhonghui and Mr. Xiang Chuan as independent non-executive Directors.