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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that, on 13 February 2025 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to (i) transfer 100% equity interest (“Target Equity”) and the affiliated entity (“Target Entity”) of the Target Company at the Transfer Consideration of RMB109.89 million; and (ii) undertake the Shareholder’s Loan owing by the Target Entity to the Vendor in the principal amount of RMB200 million, subject to adjustment pursuant to the terms and conditions of the Equity Transfer Agreement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfilment and/or waiver of the conditions precedent, the Disposal may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

INTRODUCTION

The Board announces that, on 13 February 2025 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to (i) transfer 100% equity interest (“Target Equity”) and the affiliated entity (“Target Entity”) of the Target Company at the Transfer Consideration of RMB109.89 million; and (ii) undertake the Shareholder’s Loan owing by the Target Entity to the Vendor in the principal amount of RMB200 million, subject to adjustment pursuant to the terms and conditions of the Equity Transfer Agreement.

MAJOR TERMS OF THE DISPOSAL

Date:	13 February 2025
Vendor:	Sichuan Hope Education Industry Group Limited
Purchaser:	Lanzhou Hengwen Middle School New Campus Co., Ltd.*
Purchaser’s Guarantor:	Mr. Ma Tianmin

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its actual controller 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, (i) the Vendor has conditionally agreed to transfer and the Purchaser has conditionally agreed to acquire the Target Equity of the Target Entity; and (ii) the Purchaser has conditionally agreed to repay the Shareholder’s Loan to the Vendor on behalf of the Target Entity with the amount to be determined by the Vendor and the Purchaser in accordance with the terms and conditions of the Equity Transfer Agreement.

Consideration and basis of consideration

The total proceeds of the Disposal include (i) the Transfer Consideration for the Target Equity, and (ii) the repayment amount of the Shareholder’s Loan payable by the Purchaser to the Vendor. The Transfer Consideration was arrived at arm’s length negotiation by the Vendor and the Purchaser on normal commercial terms with reference to factors such as the past turnover and assets, the location and brand, and the prospects of the Target Entity. The tentative repayment amount of the Shareholder’s Loan is RMB200 million, subject to determination by the Vendor and the Purchaser on the Closing Date pursuant to the terms and conditions of the Equity Transfer Agreement.

Conditions Precedent

Completion of the Disposal is subject to the following conditions precedent being fulfilled, including but not limited to, the completion of the payment of Transfer Consideration and the repayment amount of Shareholder's Loan as determined by the Vendor and the Target Entity on the Closing Date.

Payment terms

The payment for the Transfer Consideration to be made by the Purchaser pursuant to the Equity Transfer Agreement shall be paid in instalments as follows:

1. within five (5) business days upon execution of the Equity Transfer Agreement, the Purchaser pays the down payment of RMB20 million to the Vendor;
2. before 14 February 2025, the Purchaser shall pay RMB20 million to the Vendor, by which time the Purchaser shall have paid RMB40 million in total to the Vendor (the down payment inclusive). Thereafter, the Vendor shall cooperate to complete the registration procedure for the transfer of 60% equity interest in the Target Company;
3. on the date upon the Purchaser obtains 60% equity interest in the Target Company, the Purchaser shall pay RMB10 million to the Vendor, by which time the Purchaser shall have paid RMB50 million in total to the Vendor (the down payment inclusive). Thereafter, the Purchaser shall pledge 60% equity interest in the Target Company to the Vendor or any party designated by the Vendor and complete the pledge registration procedure;
4. upon the Purchaser obtains 60% equity interest in the Target Company, by no later than 25 June 2025, the Purchaser shall pay the remaining Transfer Consideration of RMB20.00 million and repay the Shareholder's Loan owed by the Target Company of RMB80.00 million, with the total tentative payment amount of RMB100 million;
5. before 6 September 2026, the Purchaser shall pay the remaining consideration for the transaction of RMB10.00 million, and repay the Shareholders' Loan owed by the Target Company of RMB40.00 million, i.e. the tentative total payment is RMB50.00 million;
6. before 6 September 2027, the Purchaser shall pay the remaining consideration for the transaction of RMB10.00 million, and repay the Shareholders' Loan owed by the Target Company of RMB40.00 million, i.e. the tentative total payment is RMB50.00 million;
7. before 6 September 2028, the Purchaser shall pay the remaining consideration for the transaction of RMB10.00 million, and repay the Shareholders' Loan owed by the Target Company of RMB40.00 million, i.e. the tentative total payment is RMB50.00 million;

8. before 6 September 2029, the Purchaser shall pay the remaining consideration for the transaction of RMB9.89 million, and repay all of the remaining Shareholders' Loan owed by the Target Company, if any; and
9. upon full settlement by the Purchaser, the Vendor shall cooperate and complete the registration procedure for the transfer of the remaining 40% equity interest in the Target Company within five business days, and release the pledge registration procedure for 60% equity interest in the Target Company.

Upon the Closing Date, the Target Company will cease being a wholly-owned subsidiary of the Vendor, and the Purchaser will hold 60% equity interest in the Target Company and own the Target Entity.

Guarantee

The Purchaser's Guarantor has irrevocably agreed to guarantee the performance by, and the obligations and liabilities of, the Purchaser and the Target Entity under the Equity Transfer Agreement, subject to the terms and conditions as set out therein.

The Purchaser has agreed to pledge 60% equity interest in the Target Company obtained to the Vendor or a party designated by the Vendor in accordance with the relevant equity pledge agreement after obtaining 60% equity interest in the Target Company, in order to secure the performance of the Purchaser's obligations under the Equity Transfer Agreement, and to complete the relevant registration formalities for such pledge. The Vendor shall release the pledged 60% equity interest in the Target Company upon full payment of the Transfer Consideration and repayment of the Shareholder's Loan by the Purchaser.

INFORMATION OF THE PURCHASER

Lanzhou Hengwen Middle School New Campus Co., Ltd.* is a company established under the laws of the PRC with limited liability, mainly engaged in education management and investment in education industry. The Purchaser has rich education experience and education resources.

To the best of the Directors' knowledge, information and belief (having made all reasonable enquiries) and based on the information provided, the Purchaser and its actual controller are Independent Third Parties.

INFORMATION OF THE COMPANY AND THE VENDOR

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 Industry Group Limited is a limited liability company established under the laws of the PRC on 13 January 2005, and is one of the consolidated affiliated entities of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company, Baiyin Mingde Education Co., Ltd.*, is a wholly-owned subsidiary of the Vendor, which is mainly engaged in education management. The table below sets forth the financial information of the Target Company based on the unaudited consolidated financial statements of the Target Company for the two years ended 31 December 2023 and 2024:

	For the year ended 31 December 2023 <i>RMB'000</i> (Unaudited)	For the year ended 31 December 2024 <i>RMB'000</i> (Unaudited)
Profit/(Loss) before income tax	(2,507)	5,545
Profit/(Loss) after income tax	(2,507)	5,545

The unaudited consolidated net asset value of the Target Company as at 31 December 2024 was RMB17.55 million.

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 Equity 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.

FINANCIAL IMPACT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

Upon the Closing Date, the Target Company will cease to be a wholly-owned subsidiary of the Vendor, and the Purchaser will hold 60% and the Vendor will hold 40% equity interest in the Target Company, and the financial results, assets and liabilities of the Target Company 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 gain of approximately RMB90.92 million, which was based on the consideration. 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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the total proceeds of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

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
“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 date upon the Purchaser obtains 60% equity interest in the Target Company which should be no later than 25 June 2025, by which the Purchaser shall have made payment of RMB70.00 million (down payment inclusive) and repaid the Shareholder’s Loan owed by the Target Company of RMB80.00 million pursuant to the terms and conditions 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 Equity 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% equity interest in the Target Company and the affiliated entity of the Target Company pursuant to the terms and conditions of the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Vendor and the Purchaser, pursuant to which the Vendor shall sell and the Purchaser shall acquire 100% equity interest in the Target Company and the Purchaser shall repay the Shareholder’s Loan to the Vendor on behalf of the Target Entity
“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 out 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Purchaser”	Lanzhou Hengwen Middle School New Campus Co., Ltd.* (蘭州衡文中學新校區有限責任公司), a company established under the laws of the PRC with limited liability
“Purchaser’s Guarantor”	Mr. Ma Tianmin, the actual controller of the Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the shareholder’s loan in the total amount of RMB200 million owing by the Target Company to the Vendor as of 28 January 2025
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Baiyin Mingde Education Co., Ltd.* (白銀明德教育有限責任公司), a non-wholly owned subsidiary of the Group and is directly held as to 100% by the Vendor

“Target Equity”	100% equity interest in the Target Company
“Transfer Consideration”	the consideration of the disposal of 100% equity interest in the Target Company and the disposal of affiliated entity of the Target Company in the sum of RMB109.89 million
“Vendor”	Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), a limited liability company established under the laws of the PRC on 12 January 2005, and one of the consolidated affiliated entities of the Company
“%”	per cent

* *the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

By Order of the Board
XJ International Holdings Co., Ltd.
Zhang Bing
Chairman and non-executive Director

Hong Kong, 13 February 2025

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