



CHINESE INVESTMENT IN UK SCHOOLS



Venture Education supports UK-China education through research, consultancy and partnerships.

问创通过研究和合作伙伴关系的方式以支持中英两国教育事业的发展。

contact@ventureeducation.org



The purchase of CATS Colleges in 2019 seems to have marked a watershed in the purchasing of UK schools by Chinese investors. Making headlines across the UK, it also became a wellspring for a significant amount of further global interest in the purchase of UK schools.

This report, available in both English and Chinese, looks at the history of purchases, information about schools and investors, trends and challenges.

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British schools and Chinese students

China is currently sending more students to UK higher education institutions than any other non-EU country. In the 2018/2019 academic year, 35% of all non-EU university students hailed from Mainland China. The number of enrolled students has increased by 34% over the last five years, from 89,540 to 120,385.

At the same time, the number of Chinese students studying in UK independent schools (primary and secondary) reached an all-time high in 2019, and Mainland China became one of the largest sources of non-British pupils at UK independent schools. The Independent Schools Council (ISC), a member's organisation that represents over 1,300 UK independent schools, states that there were 10,864 Chinese students enrolled in 2020.



35%

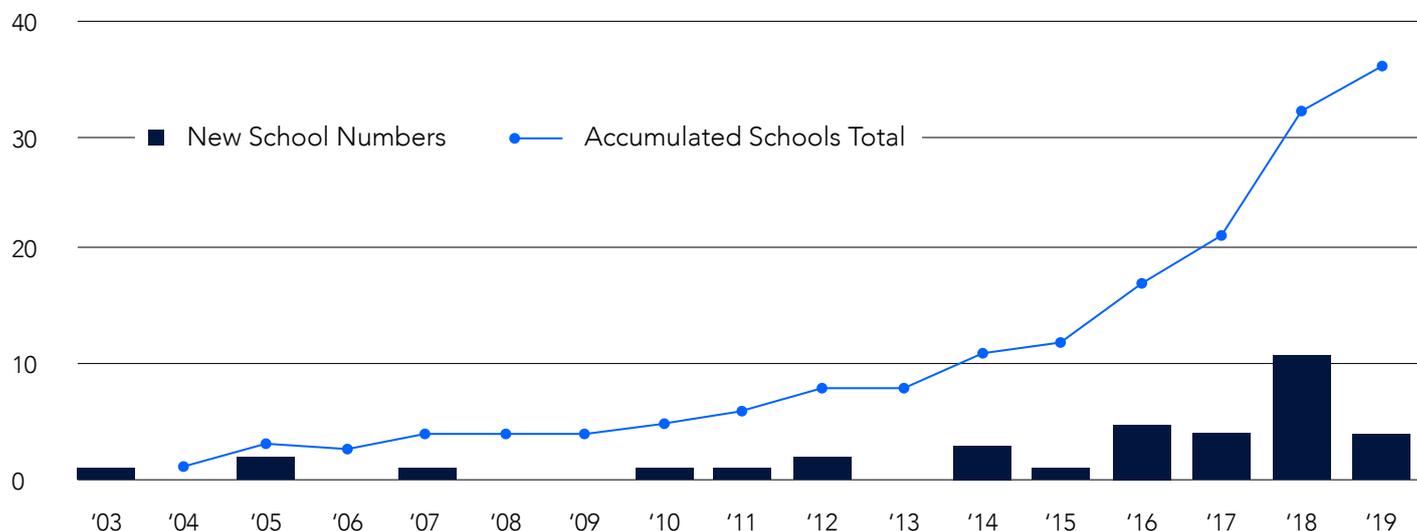
of all non-EU university students are from Mainland China

NUMBER OF MAINLAND CHINESE PUPILS ATTENDING ISC SCHOOLS

2013	2014	2015	2016	2017	2018	2019	2020
3,891	4,753	6,344	7,303	7,990	9,008	9,585	10,864

At the same time, the number of British independent schools in China has increased rapidly in recent years with an ongoing demand for high-quality British education. China currently has the most British independent schools of any other country in the world, with 36 overseas campuses or

sister schools established across the country as of January 2020. Additionally, 40% of all international schools in China schools offer A-levels, compared to only 15% of schools offering the International Baccalaureate (IB), suggesting a marked preference in China for the British curriculum.



With this combination of Chinese students wanting a British education, both within the UK and in China, Chinese investors have naturally moved into the acquisition of UK schools.

UK Independent School Sector

In the UK, there are over 2,500 independent schools. These are schools that are not funded by the state but by endowments and fees charged to parents. Independent schools also do not have to follow the national curriculum like state schools and are free to set their own school hours and term dates. Many are run as charitable trusts under a Board of Governors, and a few are privately owned. All private schools must be registered with the government and are inspected regularly.

Currently, over 620,000 children study at independent schools, which accounts for approximately 6.5% of all UK school pupils.

The sector is most prominent in England. According to the ISC, 95.3% of its member schools

are located in England, with only 2.4% located in Scotland, 1.5% in Wales and 0.8% in Northern Ireland.

The independent school sector contributes £13.7 billion of gross value-added output, 303,000 jobs, and £4.1 billion in tax revenues to the UK economy annually.

Since Achieve Education Group, a Beijing and Shanghai-based firm, successfully purchased Chase Grammar School, a co-educational school in Staffordshire, in 2014, there has been a surge in interest from China in purchasing UK independent schools.



Completed Deals

Since 2014, Chinese investors and companies have purchased 17 UK independent school brands. The list below is a compilation of officially announced deals.

Based on A-level results; sources: The Telegraph 2013 League Table. The table used 2013 as the year of reference, which is before the wave of Chinese acquisition of UK independent schools.

YEAR	CHINESE INVESTOR	BRITISH SCHOOL	GENDER	AGE	DAY/BOARDING	RANKING
2014	Achieve Education Group (operated by Shanghai Chenning Education Investment Management Co. Ltd. 上海琛宁教育投资管理有限公司)	Chase Grammar School	Co-ed	2 - 19	Day and Boarding	//
2015	Confucius International Education Group 孔裔国际教育集团	Riddlesworth Hall School	Co-ed	3-13	Boarding	//
2017	Achieve Education Group (operated by Shanghai Chenning Education Investment Management Co. Ltd. 上海琛宁教育投资管理有限公司)	Abbotsholme School	Co-ed	2-18	Day and Boarding	//
2017	Full Circle Education 合一教育集团	St. Bees School	Co-ed	11-18	Day and Boarding	200
2017	London and Oxford Group (backed by Wanda Group 万达集团)	Ipswich High School	Co-ed (formerly all-girls)	3-18	Day	152
2017	London and Oxford Group (backed by Wanda Group 万达集团)	Bedstone College	Co-ed	4-18	Day and Boarding	118
2017	China Financial Services Holding 中金投集团	Thetford Grammar School	Co-ed	3-18	Day	217
2018	Ray Education Group 雅力教育集团	Adcote School for Girls	Girls school	7-18	Day and Boarding	//
2018	Ray Education Group 雅力教育集团	Myddelton College	Co-ed (formerly all-girls)	9-18	Day and Boarding	//

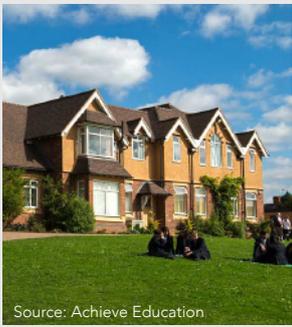
YEAR	CHINESE INVESTOR	BRITISH SCHOOL	GENDER	AGE	DAY/ BOARDING	RANKING
2018	Bright Scholar 博实乐教育集团	Bournemouth Collegiate School	Co-ed	3-18	Day and Boarding	//
2019	Bright Scholar 博实乐教育集团	CATS Colleges**	Co-ed	14-19	Boarding	//
2019	Bright Scholar 博实乐教育集团	St. Michael's School	Co-ed	3-18	Day and Boarding	82
2019	Bright Scholar 博实乐教育集团	Bosworth Independent College	Co-ed	13-19	Day and Boarding	200
2019	China First Capital Group 中国首控集团	Kingsley School Bideford	Co-ed	0-18	Day and Boarding	275
2020	Access (UK) Education 英国艾克教育集团	Wisbech Grammar	Co-ed	11-18	Day and Boarding	229
2020	KSI Education (Backed by China First Capital Group 中国首控集团)	Heathfield Knoll School	Co-ed	1-16	Day	//
2020	Shaanxi Junzi International Education 陕西君子教育投资集团	Abbots Bromley School	Co-ed (formerly all-girls)	3-18	Day	//

** CATS Colleges is an international school network focused primarily on educating international students through a globally integrated group of campuses in the UK, North America and China. It has locations across Cambridge, London, Canterbury, Shanghai and Boston, as well as an arts school in Cambridge and 10 international languages schools.

Owned by Bright Scholar
Founded in 1952



CHASE GRAMMAR SCHOOL



Source: Achieve Education

Owned by Achieve Education Group

Founded in 1879

ABBOTSHOLME SCHOOL

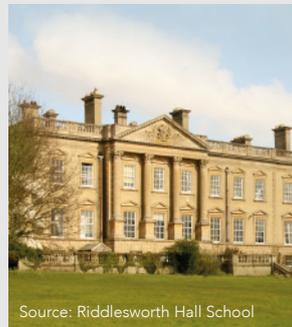


Source: The Telegraph

Owned by Achieve Education Group

Founded in 1889

RIDDLESWORTH HALL SCHOOL



Source: Riddlesworth Hall School

Owned by Confucius International Education Group

Founded in 1729

ST. BEES SCHOOL

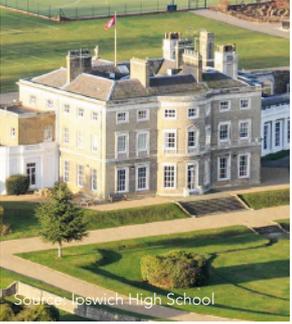


Source: St Bees School

Owned by Full Circle Education

Founded in 1583

IPSWICH HIGH SCHOOL



Source: Ipswich High School

Owned by London & Oxford Group

Founded in 1879

BEDSTONE COLLEGE



Source: Bedstone College

Owned by London & Oxford Group

Founded in 1948

THETFORD GRAMMAR SCHOOL



Source: Thetford Grammar (Facebook)

Owned by China Financial Services Holding

Originally founded in 631, re-founded in 1566

ADCOTE SCHOOL

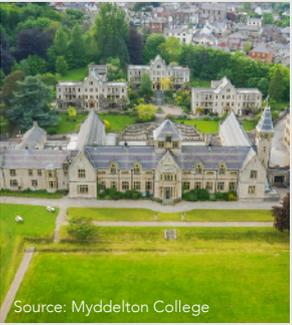


Source: British United Education Group

Owned by Ray Education Group

Founded in 1907

MYDDELTON COLLEGE



Source: Myddelton College

Owned by Ray Education Group

Founded in 1859

BOURNEMOUTH COLLEGIATE SCHOOL



Source: New Horizons Education

Owned by Bright Scholar

Originally founded in 1895 as Uplands School

HEATHFIELD KNOLL SCHOOL



Source: The Shuttle

Owned by KSI Education

Founded in 1600

ST MICHAEL'S SCHOOL



Source: St Michael's School

Owned by Bright Scholar

Founded 1923

BOSWORTH INDEPENDENT COLLEGE



Source: Bosworth Independent College

Owned by Bright Scholar

Founded in 1977

KINGSLEY SCHOOL BIDEFORD



Source: Kingsley School Bideford

Owned by China First Capital Group

Originally founded in 1954 as Grenville College

WISBECH GRAMMAR SCHOOL



Source: Wisbech Grammar School

Owned by Access (UK) Education

Founded in 1379

ABBOTS BROMLEY SCHOOL

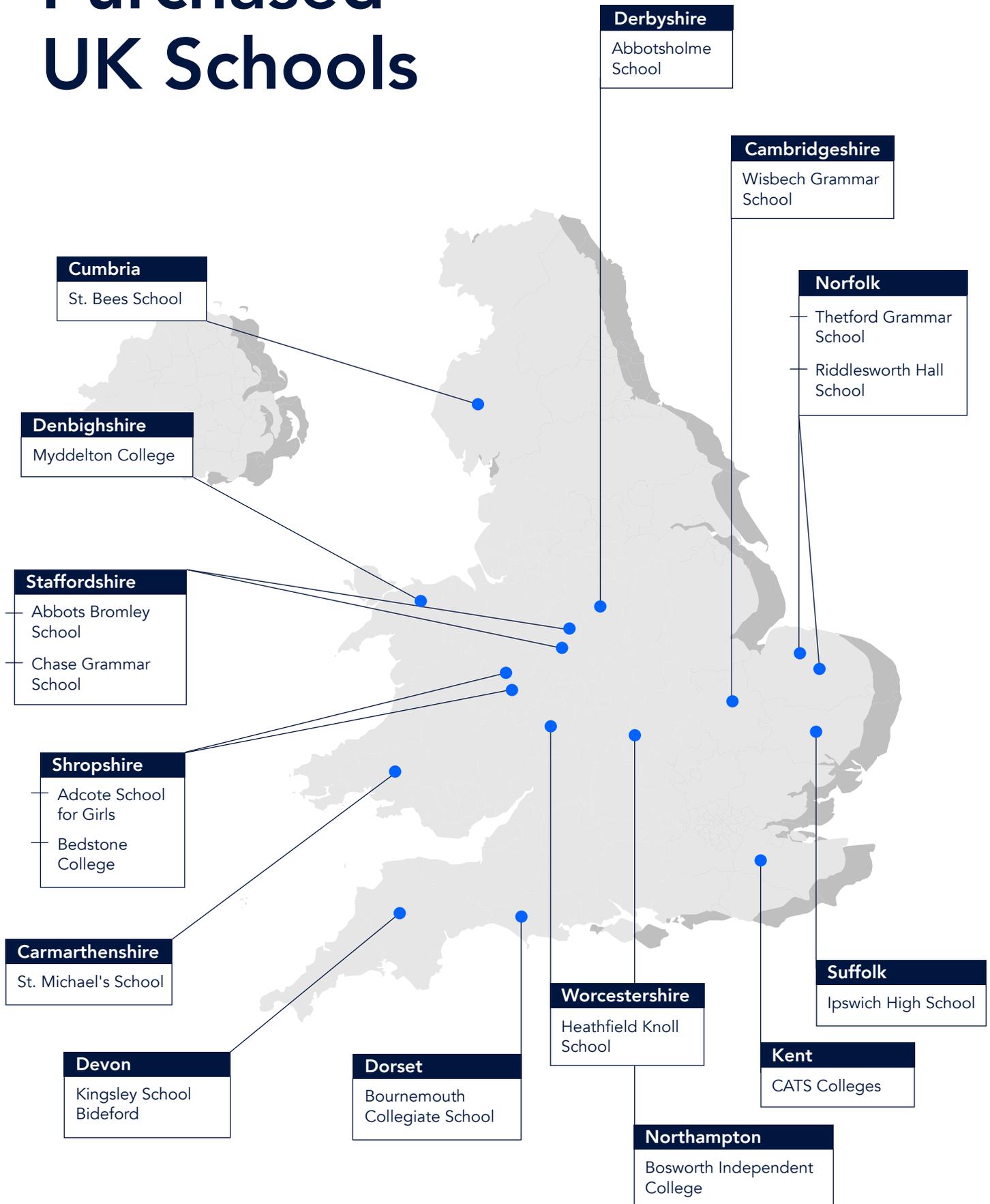


Source: StudentsInfo

Owned by Shaanxi Junzi International Education

Founded in 1874

Map of Purchased UK Schools



Facts about Purchased UK Schools

The majority of purchased schools are located in England.

Only two schools, St. Michael's School and Myddelton College, are located in Wales.



All but one school is currently open for admissions.

Abbots Bromley School is currently closed and is planning to reopen in 2021.

24% of purchased schools have already opened or are planning to open campuses in China.

These include: Adcote School (SH), Abbotsholme School (SH), CATS Colleges (SH) and St. Bees School (Dongguan and Shijiazhuang).

Average school size is around 340 pupils.

CATS College, Cambridge

809 

Bournemouth Collegiate School

636 

Wisbech Grammar School

580 

Heathfield Knoll School

198 

Bedstone College

159 

Riddlesworth Hall School

111 

Day

Boarding

Abbots Bromley
Heathfield Knoll School
Ipswich High School
Thetford Grammar School

CATS Colleges
Riddlesworth Hall School

Most schools are co-educational day and boarding schools.

Currently, all but one are co-educational. Adcote School has remained an all-girls school, while former girls schools, Abbots Bromley School and Ipswich High School, have begun to accept male pupils following their acquisition.

Abbotsholme School
Adcote School
Bedstone College
Bosworth Independent College
Bournemouth Collegiate School
Chase Grammar School
Kingsley School Bideford
Myddleton College
St. Bees School
St. Michael's School
Wisbech Grammar School

All schools...

Offer GCSE and A-Level courses.

The highest-ranked A-level school is St. Michael's School (82 out of 294 in 2013)

Accept international students and the percentage of international students is around 5-10%.

Avg. fees (UK) per annum: £14,315 (Day); £23,067 (Boarding), Avg. fees (int'l) per annum: £32,140

Offer bursaries and scholarships.

Chinese Investors: What You Should Know

CHINESE COMPANY	WEBSITE	HEADQUARTERS
Achieve Education Group (Operated by Shanghai Chenning Education Investment Management Co. Ltd 上海琛宁教育投资管理有限公司)	achieve-group.com ukboardingschools.org.uk	Shanghai
Access Education 英国艾克教育集团	access-edu.co.uk/en/gywm/	Beijing
Bright Scholar 博实乐教育集团	brightscholar.com/en/	Foshan
China Financial Services Holding 中金投集团	cfs.com.hk/Homepage	Beijing
China First Capital Group 中国首控集团	cfcg.com.hk/sc/index.php ksieducation.co.uk	Hong Kong
Confucius International Education Group 孔裔国际教育集团	ciegworld.com/#/	Beijing
Full Circle Education 合一教育集团	fullcircle.group/zh/#	Shenzhen
Shaanxi Junzi International Education Investment Ltd 陕西君子教育投资集团	//	Xi'an
London and Oxford Group (Backed by Wanda Group 由万达集团支持)	londonandoxford.com/#/ wanda-group.com/	Beijing
Ray Education Group 雅力教育集团	rayglobal.org/	Shanghai

All of the purchased independent schools were struggling financially before the acquisition with lack of enrolment as the main cause.

Most investors are large Chinese educational groups or companies.

Half are listed companies. 7 out of 10 of the companies' headquarters are in first-tier Chinese cities. Two schools were purchased by a UK company backed by Wanda Group.

Prices of schools varied greatly with most bid prices undisclosed.

None of the Chinese investors had previously purchased schools in other European countries or the US; the UK was their first choice and first overseas acquisition.

Why are Chinese Companies Buying UK Schools?

While the US continues to be the top destination for Chinese students to study abroad, interest in purchasing US schools is significantly lower than that of the UK, with only 4 purchases to date.

This is partly due to more stringent policies in the US, as well as more sceptical attitudes in the US

towards Chinese investment in education. However, there are important factors that have contributed to the recent trend of Chinese investment specifically in UK independent schools.

01

Heritage

The UK independent school system is greatly admired by Chinese investors and parents who value the history, academic excellence, and the focus on holistic child development at UK schools.

02

Internationalism

The acquisition of UK schools will help with educational brand connections and provide further complementary resources that can allow for both Chinese and international expansion.

03

Market

The UK has an extremely open investment environment that both encourages and makes it easy for foreign investors to access almost all sectors of the economy.

04

Profitability

The high tuition fees of UK independent schools are another key factor that drives investor interest. Managed well, schools can be an extremely lucrative long-term investment.

05

Politics

Students, parents and investors now see the UK as a better alternative to the US, viewing it as more open and positive about Chinese investment.

06

Stability

Compared with other sectors such as real estate, the education sector is considered a more stable and safe long-term investment area.

07

Ownership

As the Chinese economy continues to grow, it is clear that Chinese firms are moving up the value chain in British education from consumers to partners to outright owners.

08

Control

The traditional model of partnering with a UK school is increasingly being replaced by a school purchase which allows total ownership of the brand and full control over its future.

What are the Challenges for Chinese Investors?



Public Perception

The UK is concerned with preserving its high quality of education and educational values, with some staff and parents worried that an influx of Chinese capital will impact the liberal values, teaching methods and cultural traditions of British independent schools. There are also concerns for investment quality and longevity. Investing in education is not a short-term commitment, and the UK is looking for dedicated firms who are in it for the long term.



Capital Outflow

Another major challenge faced by investors has been moving finances internationally. Although a company may have sufficient funds in RMB to pay for a British school, this does not mean they will automatically be able to use this money in the UK. China has strong controls on capital outflow, primarily as a way to maintain the strength of its currency and protect its foreign currency reserves. Since 2019, large-scale foreign acquisitions, in most cases, will require government approval before a sale can take place.



Acquisition Process

Purchasing a school is not the same as purchasing a property and requires considerable expertise in navigating the legal, financial, policy and community frameworks that govern educational institutions. Finding a school itself is difficult, but this is further compounded by the expectations of existing parents, staff and governors who may all have very different feelings about overseas investment. The transparency of the UK system means Chinese investors must be well-prepared for every stage of the acquisition process.



Management Expectations

In the event of a sale of a British school, management is expected to adhere to the government's Education (Independent School Standards) Regulations 2014. This includes regulations regarding the competency of management to "promote the well-being of pupils". UK schools must also undergo regular official inspections by the Independent Schools Inspectorate (ISI) and/or the government body Ofsted, at the behest of the UK Department for Education. In addition, UK businesses are subject to strict labour laws, which includes observing UK minimum wage (£8.72/hour), pension schemes, suitable working hours, annual leave, and employment contracts.



Policies & Legal Restrictions

The UK economy is one of the most liberal in Europe and there is currently no legal framework or policy that directly governs foreign direct investment (FDI), nor any policy distinction between domestic and foreign investment. This makes it an excellent environment for potential investment. However, all mergers and acquisitions must follow UK competition law, laid out in the Enterprise Act 2002. The Act ensures that acquisitions of British companies do not negatively impact UK industry. In the case of an international merger, there is likely to be a response from the Competition and Markets Authority (CMA).





Further Information and Next Steps

Venture Education is a UK-China educational consultancy that supports the continued growth and empowerment of quality education in both countries. This includes research, market entry advisory, business development, partnerships, and mergers & acquisitions.

contact@ventureeducation.org

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