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REPORT: Detailed Analysis Reveals Troubled Finances of Chinese Company Poised to Buy Legendary Music School

*Rider University Failed in Vetting of Proposed Buyer for Westminster Choir College*

Lawrenceville, New Jersey (Date) – The Chinese Corporation engaged in negotiations to buy Westminster Choir College (WCC) from Rider University is ill equipped to purchase and operate the world-renowned music school, according to a detailed analysis in a White Paper released today. <https://www.rideraap.net/a-failure-of-due-diligence.html>

Commissioned by the Rider University Chapter of the American Association of University Professors (AAUP) and written by three distinguished Rider University professors, the report is based on data drawn from publicly available sources. It reveals the precarious finances of the Beijing Kaiwen Education Technology Company (Kaiwen) and states that the University's President and Board of Trustees have failed to perform due diligence and carry out their fiduciary responsibilities. Among their findings:

- For the past two years Kaiwen's spending has far exceeded its revenues
- Kaiwen's net profit and cash flow over this period are strongly negative
- The investor services company Morningstar currently rates the uncertainty surrounding the company and its stock as "High."
- Kaiwen demonstrates negative per-share earnings producing a rate of return a full 51% less than the average one-year return for Chinese companies calculated by Morningstar China.
- Because Kaiwen is clearly not in a position to fund the purchase of Westminster Choir College, there is great cause for concern about the pressures that will be placed the company by others who currently hold Kaiwen's debt.

"The results of this investigation into the company's finances are shocking," said Professor Arthur Taylor, one of the authors of the report "particularly when you consider Kaiwen's complete lack of experience in running any institution of higher learning, much less a world-renowned music school. Not only has Rider's administration and Board of Trustees failed in their fiduciary responsibilities by inadequately vetting Kaiwen Education, but they are on the precipice of destroying an irreplaceable cultural and educational treasure" he added.

On February, 21<sup>st</sup> Rider announced that Kaiwen Education Technology Co. Ltd had signed a non-binding term sheet that is hopes will lead the sale of the College. Rider President Gregory Dell’Omo said the \$40 million purchase price “is indicative that the partner has the resources to invest in Westminster and is committed to its long-term viability.”

Dr. Gerald Klein, Professor Emeritus of Organizational Behavior and Management, and another one of the authors of the White Paper said, “The notion that a company that lost - 99.8 million Yuan in 2016 and has an extraordinarily high debt-to-equity ratio is ‘well positioned’ to make significant investments in WCC is a pipedream.”

A copy of the report is attached.