

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Minsheng Education Group Company Limited
民生教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1569)

DISCLOSEABLE AND CONNECTED TRANSACTION

**PROVISION OF SECOND TRANCHE LOAN OF RMB200 MILLION
BY CHONGQING YUECHENG TO LEED NATIONAL**

Reference is made to the (i) Announcements and the Circular in relation to the acquisition of 51% of the issued share capital of Leed International by Minsheng Vocational; and (ii) the First Tranche Loan Announcements in relation to the provision of a RMB200 million loan by Chongqing Yuecheng, a consolidated affiliated entity of the Company, as the lender, to Leed National, as the borrower.

THE SECOND TRANCHE LOAN AGREEMENT

The Board announces that on 27 June 2019 (after trading hours), Chongqing Yuecheng (as the lender), Leed National (as the borrower designated by the Vendors), Minsheng Vocational and the Vendors entered into the Second Tranche Loan Agreement, pursuant to which, Chongqing Yuecheng agreed to lend to Leed National, and Leed National agreed to borrow from Chongqing Yuecheng, the Second Tranche Loan.

IMPLICATIONS UNDER THE LISTING RULES

Leed International is a subsidiary of the Company, held as to 51%, 39.99%, 5.05% and 3.96% by Minsheng Vocational, National Education, Leed Education and Hyde Education respectively. The 49% of the issued share capital of Leed International held by the Vendors are entrusted to the Company for management pursuant to the Equity Entrustment Agreement. Since National Education holds more than 10% of the issued share capital of Leed International, it is a substantial shareholder of Leed International, and therefore a connected person of the Company at subsidiary level. Based on information provided by the Vendors, Leed National is ultimately beneficially

controlled and owned by the ultimate beneficial owners of the Vendors, and is, therefore, an associate of the Vendors and a connected person at the subsidiary level of the Company. According to Chapter 14A of the Listing Rules, the transactions contemplated under the Second Tranche Loan Agreement constitute connected transactions at the subsidiary level of the Company.

One or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, when aggregated with the First Tranche Loan Agreement which was conducted within 12 months of the Second Tranche Loan Agreement, exceed 5% but are all less than 25%. As such, the Second Tranche Loan Agreement, when aggregated with the First Tranche Loan Agreement, constitute discloseable transaction of the Company and are therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (1) Leed National is a connected person at the subsidiary level; (2) the Board has approved the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder; (3) the independent non-executive Directors have confirmed that the terms of the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder. Therefore, no directors are required to abstain from voting on the approval of the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder at the board meeting.

INTRODUCTION

Reference is made to the (i) announcements of Minsheng Education Group Company Limited (民生教育集团有限公司) (the “**Company**”) dated 21 August 2018, 5 October 2018, 31 October 2018 and 20 December 2018 (the “**Announcements**”) and the circular of the Company dated 20 December 2018 (the “**Circular**”) in relation to the acquisition of 51% of the issued share capital of Leed International Education Group Inc. (“**Leed International**”) by Minsheng Vocational Education Company Limited (“**Minsheng Vocational**”); and (ii) the announcement of the Company dated 26 December 2018 and the related supplemental announcement of the Company dated 4 January 2019 (the “**First Tranche Loan Announcements**”) in relation to the provision of a RMB200 million loan by Chongqing Yuecheng Zhiyuan Education Technology Co. Ltd* (重慶悅誠智遠教育科技有限公司)(“**Chongqing Yuecheng**”), a consolidated affiliated entity of the Company, as the lender, to Leed

National Education Technology (Beijing) Limited* (勵德國教教育科技(北京)有限公司)(“**Leed National**”) as the borrower. Unless otherwise stated, terms defined in the Announcements, the First Tranche Loan Announcements and the Circular shall have the same meanings when used in this announcement.

As disclosed in the Circular, it was contemplated that Minsheng Vocational, its affiliated company(ies) and/or Dianchi College would, at the request of the Vendors, extend loans of up to RMB400 million in aggregate to the Vendors after the Completion. As further disclosed in the First Tranche Loan Announcements, on 24 December 2018 (after trading hours), Chongqing Yuecheng (as the lender), Leed National (as the borrower), Minsheng Vocational (as the chargee) and the Vendors (as the chargor) entered into the Loan Agreement (the “**First Tranche Loan Agreement**”), pursuant to which, Chongqing Yuecheng agreed to lend to Leed National, and Leed National agreed to borrow from Chongqing Yuecheng, the Loan in the principal amount of RMB200 million (the “**First Tranche Loan**”).

THE SECOND TRANCHE LOAN AGREEMENT

The Board announces that on 27 June 2019 (after trading hours), Chongqing Yuecheng (as the lender), Leed National (as the borrower designated by the Vendors), Minsheng Vocational and the Vendors entered into a second loan agreement (the “**Second Tranche Loan Agreement**”), pursuant to which, Chongqing Yuecheng agreed to lend to Leed National, and Leed National agreed to borrow from Chongqing Yuecheng, a loan in the principal amount of RMB200 million (the “**Second Tranche Loan**”).

Details of the terms and conditions of the Second Tranche Loan Agreement are set out below:

Date: 27 June 2019 (after trading hours)

Parties:

- (i) Chongqing Yuecheng, as the lender;
- (ii) Leed National, as the borrower;
- (iii) Minsheng Vocational, as the chargee; and
- (iv) The Vendors, as the charger

Principal amount: RMB200 million

Effective period of the Second Tranche Loan: The effective period of the Second Tranche Loan is:

(1) four years from the date of the actual advancement of the Second Tranche Loan; or

- (2) the date of complete disposal of the 49% of the issued share capital of Leed International held by the Vendors pursuant to the Share Purchase Agreement,

whichever ends earlier.

Interests rate: 10% on top of the benchmark interest rate of the People's Bank of China for loans of the same tier in the same period, or a rate not higher than Chongqing Yuecheng's financing cost.

The purpose of the Second Tranche Loan: The Second Tranche Loan shall be used for the purposes of daily business operation and the like of Leed National and may not be used for purposes prohibited by laws.

The repayment of the Second Tranche Loan: Leed National shall repay the whole principal amount of the Second Tranche Loan together with the accrued and unpaid interests in one lump sum on or before the expiration of the effective period of the Second Tranche Loan.

During the effective period of the Second Tranche Loan, Leed National shall not make advance repayment of the Second Tranche Loan without prior written consent of Chongqing Yuecheng.

Conditions precedent: The provision of the Second Tranche Loan by Chongqing Yuecheng to Leed National is subject to the Second Tranche Loan Agreement having been signed by Parties and becoming effective, and the satisfaction of other conditions precedent under the Second Tranche Loan Agreement.

Compensation for the default: (i) Default by Leed National and/or the Vendors

If Leed National and/or the Vendors violates or fails to fulfill any of its obligations or undertakings under the Second Tranche Loan Agreement, or Leed National is unable to repay the loan amount on or before the expiry of the loan term, Chongqing Yuecheng agrees to give Leed National 30 days (the "**Grace Period**") to rectify the contravening act(s). If Leed National fails to rectify the contravening act(s) within

the Grace Period, the First Tranche Loan and the Second Tranche Loan shall be deemed due immediately. Chongqing Yuecheng and/or Minsheng Vocational has the rights:

- (1) to give notice to Leed National, at any time, requesting for immediately repayment of the full principal amount of the First Tranche Loan and the Second Tranche Loan, accrued and unpaid loan interest, and additional late fees to Chongqing Yuecheng. The additional late fees are charged at 0.1% per day over the sum of unpaid principal amount of the First Tranche Loan and the Second Tranche Loan and accrued and unpaid loan interests, until Leed National repays all the principal amount of the First Tranche Loan and the Second Tranche Loan and interests owed to Chongqing Yuecheng;
- (2) to, without the consent of Leed National or the Vendors, dispose of the 49% of the issued share capital of Leed International, which the Vendors have charged to Minsheng Vocational. The proceeds from the disposal of the 49% issued share capital of Leed International, which the Vendors have charged to Minsheng Vocational, will be first applied for the repayment of the principal amount of the First Tranche Loan and the Second Tranche Loan, the accrued and unpaid loan interest and additional late fees owed by Leed National to Chongqing Yuecheng, and expenses in relation to the disposal of the 49% of the issued share capital of the Leed International charged by the Vendors to Minsheng Vocational etc.; and
- (3) to dispose of 49% of the issued share capital of the Leed International, which the Vendors have charged to Minsheng Vocational in accordance with the Share Charge and other provisions of relevant laws and regulations.

(ii) Default of Chongqing Yuecheng

If Chongqing Yuecheng violates or fails to fulfill any of its obligations or commitments under the Second Tranche Loan Agreement, Leed National and the Vendors agree to give Chongqing Yuecheng 30 days to rectify the contravening

act(s). If Chongqing Yuecheng fails to rectify the contravening act(s) within the 30-day grace period, Leed National has the right to terminate the Second Tranche Loan Agreement, and Chongqing Yuecheng shall pay additional late fees to Leed National for its default. The additional late fees are charged at 0.1% per day over the principal amount of the Second Tranche Loan not advanced on schedule, until Chongqing Yuecheng releases the principal amount of the Second Tranche Loan to Leed National.

REASONS FOR AND BENEFITS OF THE SECOND TRANCHE LOAN

As at the date of this announcement, the Vendors hold the remaining 49% issued share capital of Leed International. The Directors are of the view that the First Tranche Loan and the Second Tranche Loan will (i) enable the Group to obtain a security interest in the 49% of the issued shares of Leed International owned by the Vendors and prevent other third parties from obtaining security interest in such shares; and (ii) allow the Company to maintain a good business relationship and spirit of cooperation with the Vendors so as to ensure that the Vendors will remain cooperative in the development and operations of Leed International and its subsidiaries, including Dianchi College.

For further information on the background and purpose of the First Tranche Loan and/or the Second Tranche Loan, please refer to the supplemental announcement of the Company dated 4 January 2019.

Taking into account the above reasons and benefits, the Directors consider that the terms of the Second Tranche Loan Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON LEED NATIONAL

Leed National is a limited liability company established under the laws of the PRC, and is principally engaged in the development of education technology. Based on information provided by the Vendors, Leed National is ultimately beneficially controlled and owned by the ultimate beneficial owners of the Vendors, who are minority shareholders of Leed International, a non-wholly owned subsidiary of the Company. To the best of the knowledge of the Directors having made all reasonable enquiries, save as disclosed above, Leed National has no other relationships with the Group or its connected persons.

For further information on Leed National, please refer to the supplemental announcement of the Company dated 4 January 2019.

IMPLICATIONS UNDER THE LISTING RULES

Leed International is a subsidiary of the Company, held as to 51%, 39.99%, 5.05% and 3.96% by Minsheng Vocational, National Education, Leed Education and Hyde Education respectively. The 49% of the issued share capital of Leed International held by the Vendors are entrusted to the Company for management pursuant to the Equity Entrustment Agreement. Since National Education holds more than 10% of the issued share capital of Leed International, it is a substantial shareholder of Leed International, and therefore a connected person of the Company at subsidiary level. Based on information provided by the Vendors, Leed National is ultimately beneficially controlled and owned by the ultimate beneficial owners of the Vendors, and is, therefore, an associate of the Vendors and a connected person at the subsidiary level of the Company. According to Chapter 14A of the Listing Rules, the transactions contemplated under the Second Tranche Loan Agreement constitute connected transactions at the subsidiary level of the Company.

One or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, when aggregated with the First Tranche Loan Agreement which was conducted within 12 months of the Second Tranche Loan Agreement, exceed 5% but are all less than 25%. As such, the Second Tranche Loan Agreement, when aggregated with the First Tranche Loan Agreement, constitute discloseable transaction of the Company and are therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (1) Leed National is a connected person at the subsidiary level; (2) the Board has approved the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder; (3) the independent non-executive Directors have confirmed that the terms of the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder. Therefore, no directors are required to abstain from voting on the approval of the First Tranche Loan Agreement and the Second Tranche Loan Agreement and the transactions contemplated thereunder at the board meeting.

By the order of the Board
Minsheng Education Group Company Limited
Li Xuechun
Chairman

Hong Kong, 27 June 2019

As at the date of this announcement, the executive Directors are Mr. Li Xuechun, Ms. Zhang Weiping, Mr. Zuo Yichen and Mr. Lam Ngai Lung, the non-executive Directors are Mr. Lin Kaihua and Ms. Li Yanping, and the independent non-executive Directors are Mr. Chan Ngai Sang, Kenny, Mr. Yu Huangcheng and Mr. Wang Wei Hung, Andrew.

** For identification purpose only*