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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 TRANSACTION

(i) CAPITAL INVESTMENT OF 51% EQUITY INTEREST IN ANHUI WENDA ELECTRONICS CO., LTD WHICH INDIRECTLY OBTAIN 51% OF INTEREST IN SCHOOL SPONSOR OF ANHUI WONDER UNIVERSITY OF INFORMATION ENGINEERING AND ANHUI HEFEI INFORMATION ENGINEERING SCHOOL

AND

(ii) CAPITAL INVESTMENT OF 51% EQUITY INTEREST IN ANHUI SKY-AVIATION INTERNATIONAL FLIGHT ACADEMY CO. LTD

AND

(iii) ENTRUSTMENT ARRANGEMENT OF ANHUI WENDA ELECTRONICS COMPANY LIMITED, ANHUI WONDER UNIVERSITY OF INFORMATION ENGINEERING, ANHUI HEFEI INFORMATION ENGINEERING SCHOOL AND ANHUI SKY-AVIATION INTERNATIONAL FLIGHT ACADEMY CO. LTD

AND

(iv) POTENTIAL FINANCIAL ASSISTANCE TO A CONNECTED PERSON AT THE SUBSIDIARY LEVEL

RESTRUCTURING INVESTMENT AGREEMENT

The Board is pleased to announce that on 22 November 2019 (after trading hours), Chongqing Yuecheng and Chongqing Yujingao, each a consolidated affiliated entity of the Company, entered into the Restructuring Investment Agreement with Wonder University, Secondary Vocational School and Sky-Aviation Academy, Mr. Xie, Ms. Zhang and the Administrator, pursuant to which, (i) Chongqing Yuecheng has conditionally agreed to acquire 51% equity interest of Wenda Electronics through a capital investment of RMB500 million in Wenda Electronics, thereby indirectly holding 51% of school sponsor's interest of Wonder University and Secondary

Vocational School; (ii) Chongqing Yujingao has conditionally agreed to acquire 51% equity interest of Sky-Aviation Academy through a capital investment of RMB100 million in Sky-Aviation Academy, for the future development of Sky-Aviation Academy.

Pursuant to the Restructuring Investment Agreement, (i) Chongqing Yuecheng or its related entities may make a loan amounting RMB100 million to Wonder University according to the actual operation needs of Wonder University and the loan will be used for the development of Wonder University; and (ii) Chongqing Yuecheng or its related entities (including the Operating Entities) will provide a loan in the principal amount of RMB300 million in aggregate to Wenda Kemao in accordance with the terms and conditions stipulated in the Restructuring Investment Agreement. The proceeds of such loan(s) shall be used for the repayment of debt of Wenda Kemao.

ENTRUSTMENT AGREEMENTS

The Board further announce that on 22 November 2019 (after trading hours), (i) Chongqing Yuecheng, a consolidated affiliated entity of the Company, entered into the Wonder Entrustment Agreement with Mr. Xie, Ms. Zhang, Wonder Group, Wenda Electronics, Wonder University, Secondary Vocational School and the Administrator, pursuant to which Mr. Xie, Ms. Zhang and Wonder Group agreed to entrust the rights to manage Target Equity to Chongqing Yuecheng; and (ii) Chongqing Yujingao, a consolidated affiliated entity of the Company, entered into the Sky-Aviation Academy Entrustment Agreement with Sky-Aviation Academy, Wenda Electronics, Wending Energy, Senhai Garden, Wenda Kemao and the Administrator, pursuant to which Wenda Electronics, Wending Energy and Senhai Garden agreed to entrust the rights to manage Sky-Aviation Academy to Chongqing Yujingao.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Restructuring Investment Agreement and the Loan Arrangement, on an aggregate basis, is more than 5% but less than 25%, the Restructuring Investment Agreement and the Loan Arrangement constitute disclosable transactions of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

In addition, upon Completion, the Loan Arrangement will constitute a continuing connected transaction with a connected person at the subsidiary level of the Company. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Arrangement is more than 5% and (i) the Board has approved the Loan Arrangement; and (ii) the independent non-executive Directors have confirmed that the terms of the Loan Arrangement are fair and reasonable, the Loan Arrangement is conducted on normal commercial terms and in the interest of the Company and its shareholders as a whole, the Loan Arrangement is subject to the

reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

References are made to the announcements dated 30 August 2017 and 27 September 2017 issued by the Company in relation to (i) the entering into the Acquisition Agreement in respect of the acquisition of 51% school sponsor's interest in Wonder University; and (ii) the entering into Framework Agreement in respect of the proposed investment in Sky-Aviation Academy and Secondary Vocational School. As of the date of this announcement, the conditions precedent under the Acquisition Agreement had not been fully fulfilled or waived and no payment was made by the Group. Due to the complexity of the debts of the Debtors, on 30 August 2019, Hefei Intermediate Court ruled that the Debtors shall merge and restructure the relevant debts of the Debtors and appointed Anhui Tianhe as the administrator for the said merger and restructuring.

After arm's length negotiation among the Debtors, the relevant creditors, and Administrator and the Company subsequent to the said ruling, on 22 November 2019 (after trading hours), (i) Chongqing Yuecheng and Chongqing Yujingao, Wonder University, Secondary Vocational School, Sky-Aviation Academy, Mr. Xie, Ms. Zhang and the Administrator have entered into the Restructuring Investment Agreement; (ii) Chongqing Yuecheng, Mr. Xie, Ms. Zhang, Wonder Group, Wenda Electronics, Wonder University, Secondary Vocational School and the Administrator entered into the Wonder Entrustment Agreement; and (iii) Chongqing Yujingao, Sky-Aviation Academy, Wenda Electronics, Wending Energy, Senhai Garden, Wonder Kemao and the Administrator entered into the Sky-Aviation Entrustment Agreement.

RESTRUCTURING INVESTMENT AGREEMENT

Pursuant to the Restructuring Investment Agreement, (i) Chongqing Yuecheng has conditionally agreed to acquire 51% equity interest of Wenda Electronics through a capital investment of RMB500 million in Wenda Electronics. Upon completion of such acquisition, Chongqing Yuecheng will indirectly hold 51% of school sponsor's interest of Wonder University and Secondary Vocational School; (ii) Chongqing Yujingao has conditionally agreed to acquire 51% equity interest of Sky-Aviation Academy through a capital investment of RMB100 million in Sky-Aviation Academy.

Details of the terms and conditions of the Restructuring Investment Agreement are set out below.

Date : 22 November 2019

The Restructuring Investment Agreement will take effect as from the date when the Draft Reorganization Plan is adopted by the creditors' meeting and approved by the Hefei Intermediate Court. Upon and after the effectiveness of the Restructuring Investment Agreement, all prior agreements, arrangements, statements, plans, memos, warranties or transactions entered into between the parties to the Restructuring Investment Agreement, including but not limited to the Acquisition Agreement and the Framework Agreement, shall be superseded. All parties under the Restructuring Investment Agreement confirmed that no claim will be made on any agreements that are being superseded.

Parties : (i) Chongqing Yuecheng and Chongqing Yujingao
(ii) Wonder University, Secondary Vocational School and Sky-Aviation Academy
(iii) Mr. Xie, Ms. Zhang; and
(iv) Administrator.

To the best knowledge information, and belief of the Directors, and having made all reasonable enquiries, Wonder University, Secondary Vocational School, Sky-Aviation Academy, Mr. Xie, Ms. Zhang, the Administrator and their respective ultimate beneficial owners are Independent Third Parties.

Please refer to the section headed "Information On the Parties Involved in Restructuring Investment Agreement and Entrustment Agreements" for further information,

Overview of the mode of restructuring : The mode of the restructuring mainly consists of four parts:

1. Combined restructuring

Pursuant to the Draft Restructuring Plan, the Debtors will be restructured as a whole with their assets being consolidated and be subject to a unified arrangement. The rights and obligations in relation to the debts among the Debtors shall be set off with each other.

2. *Sale Restructuring*

The 51% equity interest/school sponsor's interest in the Operating Entities, namely Wonder University, Secondary Vocational School and Sky-Aviation Academy, will be transferred to the Investors with the remaining 49% interest/school sponsor's interest to be transferred to and managed by the trustee under the trust established by Wenda Kemaο as the settlor and creditors as beneficiaries under the Trust Plan. The investment made by the Investors together with the dividends and interest from the Trust Plan will be used for the payment of the debt of the Debtors.

3. *Separation of assets and debts*

Educational assets such as land, buildings, teaching facilities and equipment related to education owned by the Debtors shall be retained in the Operating Entities while non-educational assets shall be transferred to Wenda Kemaο.

The Operating Entities shall be responsible for the labor remuneration, social security expenses and the co-beneficial debts arising from the continued performance of the daily operation and management while Wenda Kemaο shall be responsible for the secured claim and ordinary claim. Other fees such as bankruptcy fees, tax credits and employee claims amounting to maximum RMB35 million shall be paid off by the Operating Entities by the First Repayment Date with the excess shall be by Wenda Kemaο.

4. *Adjustment and settlement of debts*

The debt adjustment and settlement plan shall be implemented by the Debtors in accordance with the Draft Reorganization Plan. For the avoidance of doubt, except for RMB200 million of debt to be borne by the Operating Entities after the Completion, as agreed by the Investors, all other debts shall be novated to Wenda Kemaο.

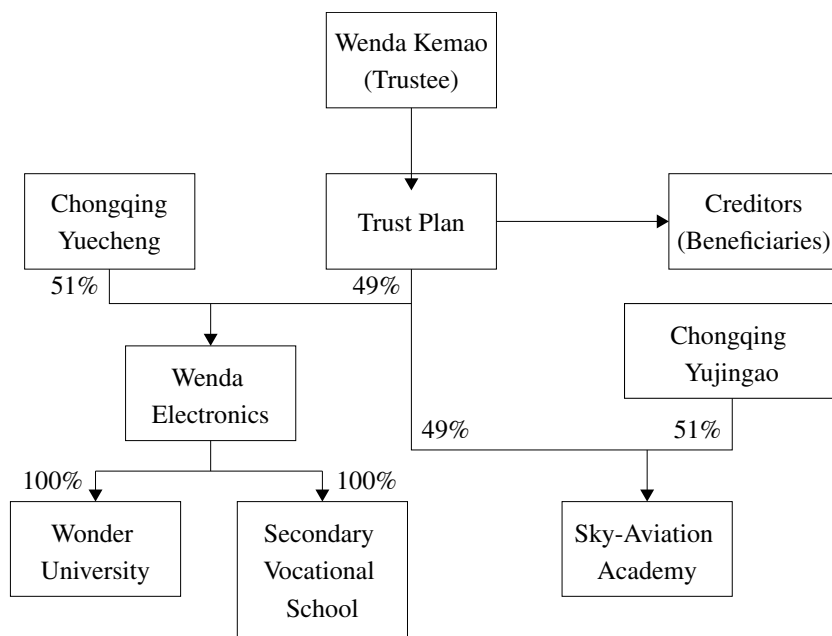
Overview of the corporate restructuring :

Chongqing Yuecheng has conditionally agreed to acquire 51% equity interest of Wenda Electronics through a capital investment of RMB500 million in Wenda Electronics once Wenda Electronics has completed the relevant procedures which confirm its 100% school sponsor's interest in Wonder University. Upon the completion of the relevant procedures and the Completion, Chongqing Yuecheng will indirectly hold 51% of school sponsor's interest of Wonder University and Secondary Vocational School.

Chongqing Yujingao has conditionally agreed to acquire 51% equity interest of Sky-Aviation Academy through a capital investment of RMB100 million in Sky-Aviation Academy for its further development once Wenda Kemao has obtained 100% equity interest in Sky-Aviation Academy.

The remaining 49% equity interest of Wenda Electronics and the remaining 49% equity interest of Sky-Aviation Academy shall be transferred to Wenda Kemao for the establishment of trust in accordance with the Trust Plan.

The following chart sets forth the corporate structure after the completion of the said corporate restructuring:



- Conditions Precedent of the investment : Within 10 days of the satisfaction of the conditions below, each of Chongqing Yuecheng and Chongqing Yujingao shall deposit RMB500 million and RMB100 million in the bank account of Wenda Electronics (the Administrator's account) and Sky-Aviation Academy (its own account), respectively:
- 1) the Draft Restructuring Plan having been passed and approved by the Hefei Intermediate Court;
 - 2) the written approval documents in respect of Wenda Electronics is entitled to 100% school sponsor's interest of Wonder University issued by the People's Government of Anhui Province and the Department of Education been obtained;
 - 3) the written approval in respect of Wenda Electronics is entitled to 100% school sponsor's interest of 100% sponsor interest of Wonder University issued by the Ministry of Education and new private school operating license showing the same having been obtained; the written approval confirming Wenda Electronics is entitled to 100% school sponsor's interest of Secondary Vocational School and the amended articles of association having been obtained and change of legal representative issued by the Hefei Municipal Education Bureau having been made; and a new private school operating license stating that Wenda Electronics is entitled to 100% school sponsor's interest of Secondary Vocational School having been made and the legal representative having been changed to the person appointed by Chongqing Yuecheng issued by the Education Bureau of Feixi County having been obtained;
 - 4) a new registration certificate for private non-enterprise unit (legal person) renewed by the Civil Affairs Department of Anhui Province stating that Wenda Electronics holds 100% of the school sponsor's interest of Wonder University and the legal representative was changed to the person appointed by Chongqing Yuecheng having been obtained; and a new registration certificate for private non-enterprise unit (legal person) renewed by the Civil Affairs Bureau of Feixi County approving the amended articles of association of Secondary Vocational School and change of the legal representative to the person appointed by Chongqing Yuecheng having been obtained;

- 5) each of Chongqing Yuecheng and Chongqing Yujingao having been registered as a shareholder of Wenda Electronics and Sky-Aviation Academy with 51% equity interest (including the completion of the amendment of articles of association of Wenda Electronics, Wonder University, Sky-Aviation Academy and Secondary Vocational School, the legal representatives of Wenda Electronics, Wonder University, Sky-Aviation Academy and Secondary Vocational School has been changed to the person appointed by Chongqing Yuecheng/Chongqing Yujingao; more than two-thirds (including such number) of the directors as well as the chairman of the newly established board of directors of the above-mentioned entities were appointed by Chongqing Yuecheng/Chongqing Yujingao and the filing with the market supervision department, education department and the civil affairs department have been completed), respectively;
- 6) Sky-Aviation Academy having completed its filing to the Civil Aviation East China Regional Administration and the Anhui Safety Supervision Administration in relation to the acquisition of 51% equity interest in Sky-Aviation Academy by Chongqing Yujingao has become a shareholder of Sky-Aviation Academy with 51% equity interest and the new Business License for General Aviation (通用航空企業經營許可證) stating the legal representative has been changed to the person appointed by Chongqing Yujingao having been obtained;
- 7) Wenda Electronics having de-registered or transferred to Wenda Kemaο all subsidiaries which the parties agreed not to be owned by Wenda Electronics after the Completion;
- 8) the remaining 49% equity interest has been transferred to the trust established by Wenda Kemaο as settlor and creditor as the beneficiary in accordance with the Trust Plan;
- 9) Chongqing Yuecheng and Chongqing Yujingao having commenced Entrustment Arrangement on Wenda Electronics, Wonder University, Secondary Vocational School and Sky-Aviation Academy, and the Administrator having handed over all items and

documents of the Operating Entities to the newly formed board of directors and management team of the Operating Entities for keeping, management and usage; and

- 10) the investment arrangements under to the Restructuring Investment Agreement not being subject to any further regulatory requirements by the Stock Exchange.

Completion : The Completion of the Restructuring Investment Agreement refers to the date on which Chongqing Yuecheng has paid the investment fund of RMB500 to the bank account designated by the Administrator through written designation.

The financial results of Wenda Electronics and Sky-Aviation Academy will be consolidated into the financial results of the Group after the Completion Date.

Future funding arrangements : After the Completion date, if Wonder University needs external loans for its future development, Chongqing Yuecheng or its related entities may make a loan amounting to RMB100 million to Wonder University according to the actual operation needs of Wonder University and the loan will be used for the development of Wonder University, interest rate shall be calculated as the loan interest rate of People's Bank of China for the same period. The loan is used for the development of Wonder University, the board of directors of Wonder University propose the demand of loan according to the operation needs.

Chongqing Yuecheng or its related entities (including the Operating Entities) will provide a loan in the principal amount of RMB300 million in aggregate to Wenda Kemao in accordance with the terms and conditions stipulated in the Restructuring Investment Agreement. The interest rate applicable to the loan is calculated according to the People's Bank of China loan interest rate of the same period and the proceeds of such loan(s) shall be used for the repayment of debt of Wenda Kemao.

Put option : Within 66 months from the First Repayment Date and in compliance with the Listing Rules and domestic/foreign legal provisions, Chongqing Yuecheng may provide an option to Wenda Kemao to transfer its equity interest in Wenda Electronics and Sky-Aviation Academy (the "**Put Option**").

If Wenda Kemaο exercise the Put Option, Wenda Kemaο will transfer its equity interest in Wenda Electronics and Sky-Aviation Academy in the manner in accordance to the PRC laws at that time to the Company, and the valuation of Put Option is equal to 85% to 90% average price-to-earnings (P/E) ratio of the Company (depending on market conditions) of previous year before the sale x the post-tax net profit after deducting non-recurring gains and losses after auditing by the four major international accounting firms in the previous financial year of Wenda Electronics and Sky-Aviation Academy's x the percentage of remaining shareholding of Wenda Kemaο (through the Trust Plan), and deducting the debts that should be repaid to Chongqing Yuecheng and its affiliates (including the Operating Entities) to repay the principal and interest of the loan, the company or its designated entity to make a cash acquisition or in exchange for new shares issued by the Company.

If the Put Option was not exercised eventually, Wenda Kemaο (through the Trust Plan) will, at its discretion, dispose its remaining equity interest of Wenda Electronics and Sky-Aviation Academy. However, such equity interest shall not be disposed of to a unit or individual that has a real or potential competitive relationship with the Company and its affiliates.

The fund obtained from the disposal of the equity interest of Wenda Electronics and Sky-Aviation Academy (including arising from the Put Option) will be preferentially repaid to Chongqing Yuecheng and its related entities (including the Operating Entities) for the principal and interest of the loan and liquidated damages (if any), and the remaining sum will be used for the repayment of debts of Wenda Kemaο and its original shareholders are entitled to the remaining sum (if any) after the debts are fully settled.

Early Settlement : After the Draft Restructuring Plan is passed and approved by Hefei Intermediate Court, if there is private lender(s) wishes to settle its debts in advance (“**Early Settlement**”), it must make the decision of the Early Settlement and sign an agreement with Shenzhen Zhongrun Chengxin within 30 days from the First Repayment Date. The agreement will stipulate that the private lender(s) will sell the creditor’s rights of Wenda Kemaο to Shenzhen Zhongrun Chengxin (the attached right to the interest of the trust shall be sold together), and Shenzhen Zhongrun Chengxin will acquire the creditor’s rights (“**Early Settlement of Claims**”) at a 50% discount of the amount of the creditor’s right to be sold, and the payment of such consideration shall be completed within 36th month after the First Repayment Date (Mr. Xie or the Debtors will coordinate with Shenzhen Zhongrun Chengxin to issue a letter of commitment and sign a credit purchase agreement).

If Shenzhen Zhongrun Chengxin fails to acquire part or all of the debts in advance, or the private lender(s) would like to sell the creditor’ right only to the Company, the Company will designate Chongqing Yuecheng or other entities to acquire the corresponding part of the creditor’s rights at a 50% of the relevant debt in advance. The private lender(s) must make the decision of Early Settlement sign an agreement with the entity designated by Shenzhen Zhongrun Chengxin or the Company within 30 days after the First Repayment Date. The agreement will stipulate that the private lender(s) will sell creditor’s rights of Wenda Kemaο to parties designated by Shenzhen Zhongrun Chengxin or the Company, and settle the consideration in the 36th month after the First Repayment Date under the condition that the claims of Early Settlement acquired by Shenzhen Zhongrun Chengxin or other entities designated by the Company (including the share of the corresponding income rights under the Trust) shall be calculated in accordance with the following formula: the amount of the original creditor’s right in the Early Settlement of the creditor’s rights/the total amount of creditor’s rights which Wenda Electronics which have not been repaid 49% converted into the directly held equity of Wenda Electronics and Sky-Aviation Academy (transfer plan will be used for the transfer of free equity of Shenzhen Zhongrun Chengxin or the Company, including the corresponding voting rights and dividend rights, (“**Transfer of Equity**”), upon the completion of the conversion, the corresponding settlement of credits shall be eliminated accordingly.

Equity interest in Wenda Electronics subject to the Transfer of Equity shall continue to be pledged to the lender, Chongqing Yuecheng and its related entities (including the Operating Entities). The amount of the secured debt shall be calculated according to the following formula: the amount of the secured debt = the proportion of the transferred equity/49% × the amount of debt which Wenda Kemaο has not repaid to Chongqing Yuecheng and its related entities (including the Operating Entities) at the time of Early Settlement.

After the Transfer of Equity, the remaining equity held by the Trust Plan shall continue to pledge to Chongqing Yuecheng and its related entities (including the Operating Entities), the amount of the secured debt is the amount of the debt guaranteed by the Company that has not repay the amount of the debt repaid to Chongqing Yuecheng and its related entities (including the Operating Entity) at the time of the Early Settlement.

The completion of the Draft Restructuring Plan

The conditions for the completion of the Draft Restructuring Plan have been summarized as follows:

- 1) The relevant competent authorities have approved the registration of changes in the sponsor interest rights of Wonder University and Secondary Vocation School;
- 2) The Investors has invested and is entitled to 51% interest of the Operating Entities with the registration procedure completed.
- 3) Chongqing Yuecheng has paid RMB500 million as the investment fund.
- 4) The creditors have obtained the first installment settlement according to the Draft Restructuring Plan.

Proposed Loan Arrangement

As mentioned in the section headed “Restructuring Investment Agreement” above, pursuant to the Restructuring Investment Agreement, Chongqing Yuecheng or its related parties (including the Operating Entities) may make a loan of RMB300 million in total by installments to Wenda Kemaο in accordance with the terms and conditions set out in the Restructuring Investment Agreement (the “**Loan Arrangement**”).

Pursuant to the Restructuring Investment Agreement and the Loan Arrangement, Chongqing Yuecheng agreed that it or its related entities (including the Operating Entities) will provide a loan by installments in the principal amount of RMB300 million in aggregate to Wenda Kemaο in accordance

with the terms and conditions stipulated in the Restructuring Investment Agreement. The interest rate applicable to the loan under the Loan Arrangement is calculated according to the People's Bank of China loan interest rate of the same period and the proceeds of such loan(s) shall be used for the repayment of debt of Wenda Kemaos. Such loan shall be secured by pledge of (i) the 49% equity interest in of Wenda Electronics held by Wenda Kemaos (through Trust Plan); and (ii) 49% equity interest in Sky-Aviation Academy held by Wenda Kemaos (through the Trust Plan). The repayment of such loan will be made through the dividends and disposal proceeds of the said 49% equity interest. Among the total principal amount of such loan of RMB300 million, the first tranche of the loan in the principal amount of RMB100 million will be released after the Completion Date and shall be for a term not longer than 66 months from the date of drawdown; the second tranche of the loan with a principal amount of RMB200 million will be released within the 24th month from the Completion Date and shall be for a term not longer than 42 months from the date of drawdown.

The Loan Arrangement shall be subject to (i) the completion of investment of 51% shares in Wenda Electronics and Sky-Aviation Academy by Chongqing Yuecheng and Chongqing Yujingao, (ii) Wenda Kemaos having established the Trust Plan of the 49% shares it owns, (iii) Wenda Kemaos having pledged the 49% its shares in Wenda Electronics and Sky-Aviation Academy, respectively to Chongqing Yuecheng, and (iv) the department of education of Anhui Province and the Hefei Municipal Education Bureau having lifted the supervision of the banking accounts of the Operating Entities.

Entrustment Agreements

Wonder Entrustment Agreement

Pursuant to the Wonder Entrustment Agreement, Mr. Xie, Ms. Zhang and Wonder Group agreed to entrust the rights to manage Target Equity to Chongqing Yuecheng.

The following set out the major terms of Wonder Entrustment Agreement:

Term of Entrustment Arrangement	:	With effect from the date of approval of the Draft Restructuring Plan by the Hefei Intermediate Court until all the conditions precedents of the investment under the Restructuring Investment Agreement are satisfied and the controlling shareholding interest of Wenda Electronics has been obtained by the Company and Chongqing Yuecheng as stipulated in the Restructuring Investment Agreement. Unless otherwise agreed by all parties through written agreement(s), such term shall not be terminated in advance.
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Scope of Entrustment Arrangement : Chongqing Yuecheng has a full scope of management in relation to the 51% equity interest of Target Entity (including 51% school sponsor's interest in Wonder University and Secondary Vocational School) as stipulated under the Wonder Entrustment Agreement, including but not limited to, all the operation, asset, financial, human resources, students and legal documents of Target Entity. In particular,

- (1) Chongqing Yuecheng is entitled to all shareholders and directors' rights, including but not limited to the right to participate in the shareholders' meeting/board of directors, voting right, election of directors/supervisor and appointment of senior management;
- (2) Chongqing Yuecheng is entitled to the management of the corresponding income of Target Equity; and
- (3) Chongqing Yuecheng is entitled the right to appoint (i) five out of the seven directors of the newly formed board of directors of Wenda Electronics; and (ii) six out of the nine directors of the board of directors of Wonder University and Secondary Vocational School.

Dispute resolutions : Any dispute arising from the validity, interpretation and performance of the Wonder Entrustment Agreement between the parties thereto should first be resolved through negotiation. If the parties are unable to settle through negotiation, any party may submit the said dispute to the Shanghai International Economic and Trade Arbitration Commission for arbitration.

Sky-Aviation Academy Entrustment Agreement

Pursuant to the Sky-Aviation Academy Entrustment Agreement, Wenda Electronics, Wending Energy and Senhai Garden agreed to entrust the rights to manage Sky-Aviation Academy to Chongqing Yujingao.

The following set out the major terms of Sky-Aviation Academy Entrustment Agreement:

- Term of Entrustment Arrangement : With effect from the date of approval of the Draft Restructuring Plan by the Hefei Intermediate Court until all the conditions precedent of the investment under the Restructuring Investment Agreement are satisfied and the controlling shareholding interest of Sky-Aviation Academy has been obtained by the Company and Chongqing Yujingao as stipulated in the Restructuring Investment Agreement. Unless otherwise agreed by all parties in writing, such term shall not be terminated in advance.
- Scope of Entrustment Arrangement : Chongqing Yujingao has a full scope of management in relation to the 51% equity interest of Sky-Aviation Academy as stipulated under the Sky-Aviation Academy Entrustment Agreement, including but not limited to, all the operation, asset, financial, human resources, students and legal documents of Sky-Aviation Academy. In particular,
- (1) Chongqing Yuecheng is entitled to all shareholders and directors' rights, including but not limited to the right to participate in the shareholders' meeting/board of directors, voting right, election of directors/supervisor and appointment of senior management;
 - (2) Chongqing Yujingao is entitled to the management rights of the corresponding income right of Sky-Aviation Academy; and
 - (3) Chongqing Yujingao is entitled the right to appoint six out of the nine directors of the newly formed board of directors of Sky-Aviation Academy.
- Dispute resolutions : Any dispute arising from the validity, interpretation and performance of the Sky-Aviation Academy Entrustment Agreement between the parties thereto should first be resolved through negotiation. If the parties are unable to settle through negotiation, any party may submit the said dispute to the Shanghai International Economic and Trade Arbitration Commission for arbitration.

INFORMATION OF PARTIES INVOLVED IN RESTRUCTURING INVESTMENT AGREEMENT AND ENTRUSTMENT AGREEMENTS

Chongqing Yuecheng

Chongqing Yuecheng is a limited liability company established under the laws of the PRC on 23 June 2017 and a consolidated affiliated entity of the Company, which is principally engaged in school management and consulting business.

Chongqing Yujingao

Chongqing Yujingao is wholly owned by Chongqing Yuecheng, is a limited liability company established under the laws of the PRC on 6 March 2019 and a consolidated affiliated entity of the Company, which is principally engaged in school management and consulting business.

Wenda Electronics

Wenda Electronics is a limited liability company established under the laws of the PRC on 31 January 2000 and is principally engaged in software development and web engineering, computer, office equipment, photocopying facilities, electronic product development, manufacturing, sales, professional training.

Wenda Kemao

Wenda Kemao is a limited liability company established under the laws of the PRC on 30 May 1995 and is principally engaged, among others, technology development, consultancy services, professional training services and educational investment.

Wonder University

Wonder University is a private independently organized university-level education school established in 2001 in Hefei Anhui Province, PRC. Wonder University mainly provides undergraduate education, as well as some junior college education and adult continuing education. It has 10 second-level colleges, offering 35 undergraduate majors and 22 junior college majors. In the 2019-2020 academic year, there were approximately 13,930 students in Wonder University.

Secondary Vocational School

Secondary Vocational School is a secondary vocational school established in 2006 in Hefei, Anhui Province, PRC. There are currently 10 enrollment majors in the school. In the 2019-2020 academic year, there were approximately 1,160 students in Secondary Vocational School.

Set out below is the summary of consolidated financial information according to the financial information provided by Wenda Electronics, Wonder University and Secondary Vocational School:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the nine- month ended 30 September 2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	103,759	113,021	80,188
Loss before tax	1,914	10,737	12,135
Loss after tax	1,914	10,737	12,135

As of 30 September 2019, the unaudited consolidated net liabilities of Wenda Electronics, Wonder University and Secondary Vocational School was approximately RMB49,486,722.

Sky-Aviation Academy

Sky-Aviation Academy is a training institution established in 2011 in Hefei, Anhui Province, PRC. Its principal business is to provide private and commercial pilot license training and aviation professional training.

Set out below is the summary of consolidated financial information of Sky-Aviation Academy according to the financial information provided by Sky-Aviation Academy:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the nine- month ended 30 September 2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	821	4,032	838
Loss before tax	8,011	12,129	11,000
Loss after tax	8,011	12,129	11,000

As of 30 September 2019, the unaudited consolidated net liabilities of Sky-Aviation Academy was approximately RMB46,431,301.

Mr. Xie

Mr. Xie Chungui is a PRC citizen. As of the date of this announcement, Mr. Xie is one of the original shareholders of Wenda Electronics.

Ms. Zhang

Ms. Zhang Xuming is a PRC citizen. As at the date of this announcement, Ms. Zhang is one of the original shareholder of Wenda Electronics.

Administrator

Anhui Tianhe Law Firm, the administrator of Wenda Electronics and the 19 related entities

Reasons and benefits of entering into the Restructuring Investment Agreement

The Group is principally engaged in providing high-quality private formal higher education in the PRC.

After considering that (i) Wonder University is a private independently organized university-level education school which offers undergraduate and junior college education in Hefei, Anhui Province; Sky-Aviation Academy is a private and commercial pilot license training center; and the Secondary Vocational School is a school which offers secondary vocational education; (ii) the tuition fee of private colleges in Anhui Province has room for improvement; (iii) upon the fully execution of the Draft Reorganization Plan and the Restructuring Investment Agreement after the implementation of the Hefei Intermediate People's Court ruling, the education assets of the Operating Entities can be retained and separated from the historical debt, which may enable Wenda Electronics and its Operating Entities to fundamentally solve the debt burden, reduce risks effectively and ensure normal operations; and (iv) the Company is of the view that the Entrustment Arrangement may enable the Company to provide comprehensive management to Wenda Electronics and the Operating Entities and the Restructuring Investment Agreement will enable the Group to further expand the school network in Eastern China region.

The Directors considers that the Restructuring Investment Agreement and the Entrustment Agreements have been entered into on normal commercial terms and the terms thereunder are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Restructuring Investment Agreement and the Loan Arrangement, on an aggregate basis, is more than 5% but less than 25%, the Restructuring Investment Agreement and the Loan Arrangement constitute discloseable transactions of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Upon Completion, Wenda Kemao will become a connected person of the Company at the subsidiary level, as the Trust Plan established by it will own 49% of Wenda Electronics, which will have become a subsidiary of the Company. Accordingly, the Loan Arrangement, to which Wenda Kemao will be a counterparty, will constitute a continuing connected transaction with a connected person at

the subsidiary level of the Company. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Arrangement is more than 5% and (i) the Board has approved the Loan Arrangement; and (ii) the independent non-executive Directors have confirmed that the terms of the Loan Arrangement are fair and reasonable, the Loan Arrangement is conducted on normal commercial terms and in the interest of the Company and its shareholders as a whole, the Loan Arrangement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules.

The Draft Restructuring Plan will be come to effect once it is formally approved in the creditors' meeting and approved by the Hefei Intermediate Court, the Company will issue further announcement(s) in accordance with the Listing Rules as and when appropriate to provide updated information to Shareholders and investors.

Shareholders and potential investors of the Company should exercise caution when trading the shares of the Company.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition Agreement”	transfer of school sponsor's interest agreement entered into between Chongqing Yuecheng, Wonder Electronics, Wonder Group and Wenda Kemao on 30 August 2017 (after trading hours) under which Wenda Electronics and Wonder Group agreed to sell and Chongqing Yuecheng agreed to purchase the 51% school sponsor's interest in Wonder University
“Administrator” or “Anhui Tianhe”	Anhui Tianhe Law Firm, the administrator for the merger and restructuring of the Debtors as stipulated under the Restructuring Investment Agreement
“Board”	the board of Directors
“Chongqing Yuecheng”	Chongqing Yuecheng Zhiyuan Education Technology Co. Ltd.* (重慶悅誠智遠教育科技有限公司), a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Chongqing Yuecheng and its related parties”	Any companies, school or entities which are directly or indirectly controlled by Chongqing Yuecheng and the Company

“Chongqing Yujingao”	Chongqing Yujingao Education Technology Co. Ltd.* (重慶渝京澳教育科技有限公司), a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Completion”	Completion in accordance with the terms and conditions of the Restructuring Investment Agreement
“Completion Date”	the date of Completion
“Company”	Minsheng Education Group Company Limited (民生教育集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1569)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Debtor(s)”	19 affiliated units including Anhui Wenda Electronics Co., Ltd.* (安徽文達電子有限公司), Hefei Wenda Kemao Co., Ltd.* (合肥文達科貿有限責任公司), Anhui Caomuchun Ecological Agriculture Technology Co., Ltd.* (安徽草木春生態農業科技有限公司), Anhui Yujing Agricultural Ecology Technology Investment Co., Ltd.* (安徽玉景農業生態科技投資有限公司), Anhui Senhai Landscape Construction Group Co., Ltd.* (安徽森海園林景觀建設集團有限公司), Anhui Feixi County Blue Ocean Microfinance Co., Ltd. * (安徽肥西縣藍海小額貸款有限責任公司), Anhui Jinsenlin Agricultural Technology Development Co., Ltd.* (安徽金森林農業科技發展有限公司), Anhui Wonder University of Information Engineering* (安徽文達信息工程學院), Anhui Sky-Aviation International Flight Academy Co., Ltd.* (安徽藍天國際飛行學院有限公司), Anhui Hefei Information Technology School* (安徽合肥信息工程學校), Anhui Rihai Electronic Network Co., Ltd.* (安徽日海電子網絡有限公司), Anhui Wenda Yawei Shorthand Co., Ltd.* (安徽文達亞偉速記有限公司), Hefei Wenda Advertising Co., Ltd.* (合肥文達廣告有限公司), Anhui Wenda Education Investment Management Co., Ltd.* (安徽文達教育投資管理有限公司), Anhui Yuda Shengcai Investment Management Co., Ltd.* (安徽裕達聖財投資管理有限公司), Hefei Aishengsi Training School* (合肥愛生司培訓學校), Anhui Animation College* (安徽動漫專修學院), Anhui Automobile College* (安徽汽車專修學院) and, Anhui Wenda Computer College* (安徽文達電腦專修學院)
“Director(s)”	director(s) of the Company

“Draft Restructuring Plan”	The Draft Restructuring Plan of Anhui Wenda Electronics Co. Ltd. And 19 related entities* (《安徽文達電子有限公司及十九家關聯單位重整計劃草案》), which was drafted by the Debtor under the supervision of the Administrator
“Entrustment Arrangement”	Entrustment arrangement under the Entrustment Agreements
“Entrustment Agreements	the Wonder Entrustment Agreement and the Sky-Aviation Academy Entrustment Agreement
“First Repayment Date”	the first day of repayment of creditor’s debt for the first time after the Completion Date
“Framework Agreement”	The non-binding framework agreement entered into between Chongqing Yuecheng, Wenda Electronics, Senhai Garden, Wending Energy and Mr. Xie on 30 August 2017 (after trading hours)
“Investors”	the Company, Chongqing Yuecheng and Chongqing Yujingao
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Mr. Xie”	Mr. Xie Chungui (謝春貴), one of the shareholders of Wenda Electronics as of the date of this announcement
“Ms. Zhang”	Ms. Zhang Xuming (張旭鳴) , one of the shareholders of Wenda Electronics as of the date of this announcement.
“Operating Entities”	Wonder University, Secondary Vocational School and Sky-Aviation Academy
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Restructuring Investment Agreement”	a restructuring investment agreement entered into between Chongqing Yuecheng, Chongqing Yujingao, Wonder University, Secondary Vocational School, Sky-Aviation Academy, Mr. Xie, Ms. Zhang and the Administrator on 22 November 2019 (after trading hours)
“Senhai Garden”	Senhai Garden Landscape Construction Group Co., Ltd* (安徽森海園林景觀建設集團有限公司), a limited liability company established in the PRC
“Shenzhen Zhongrun Chengxin”	Shenzhen Zhongrun Chengxin Investment Development Co., Ltd* (深圳中潤成信投資發展有限公司), a limited liability company established in the PRC and an Independent Third Party
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Secondary Vocational School”	Anhui Hefei Information Technology School*(安徽合肥信息工程學校), a full-time ordinary secondary vocational school
“Sky-Aviation Academy”	Anhui Sky-Aviation International Flight Academy Co., Ltd.*(安徽藍天國際飛行學院有限責任公司), a company incorporated under the law of the PRC
“Sky-Aviation Academy Entrustment Agreement”	the entrustment agreement entered into between Chongqing Yujingao, Sky-Aviation Academy, Wenda Electronics, Wending Energy, Senhai Garden, Wenda Kemao and the Administrator on 22 November 2019 (after trading hours) under which Wenda Electronics, Wending Energy and Senhai Garden agreed to entrust the rights to manage Sky-Aviation Academy to Chongqing Yujingao
“Target Equity”	Wonder University, Secondary Vocational School and Wenda Electronics
“Trust Plan”	the trust which holds 49% equity interest of Operating Entities established by Wenda Kemao as settlor and creditor as the beneficiary
“Wenda Electronics”	Anhui Wenda Electronics Co., Ltd* (安徽文達電子有限公司), a limited liability established in the PRC

“Wending Energy”	Anhui Wending Energy Investment Management Co., Ltd* (安徽文鼎能源投資管理有限公司), a limited liability company established in the PRC
“Wonder University”	Anhui Wonder University of Information Engineering, a private school established in the PRC
“Wenda Kemao”	Hefei Wenda Kemao Co., Ltd* (安徽文達科貿有限責任公司), a limited liability company established in the PRC
“Wonder Entrustment Agreement”	the entrustment agreement entered into between Chongqing Yuecheng, Mr. Xie, Ms. Zhang, Wonder Group, Wenda Electronics, Wonder University, Secondary Vocational School and the Administrator on 22 November 2019 (after trading hours) under which Mr. Xie, Ms. Zhang and Wonder Group agreed to entrust the rights to manage Target Equity to Chongqing Yuecheng
“Wonder Group”	Anhui Wonder Computer Group* (安徽文達電腦集團), an enterprise group established in the PRC
“%”	Percentage

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

Hong Kong, 25 November 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 purposes*