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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)**

### **BUSINESS UPDATE**

#### **TERMINATION OF THE AGREEMENTS IN RELATION TO COOPERATION OF SPONSORING HEBEI UNIVERSITY OF TECHNOLOGY CITY COLLEGE**

Reference is made to the announcements issued by the Company on 9 July 2018 and 24 August 2018, respectively in relation to Chongqing Yuecheng Zhiyuan Education Co., Ltd. (重慶悅誠智遠教育科技有限公司) (a consolidated affiliated entity of the Company) (“**Chongqing Yuecheng**”) cooperate of sponsoring Hebei University of Technology City College. (the “**Announcements**”). Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used in this announcement.

#### **BACKGROUND**

On 9 July 2018, Zhangjiakou Government, Hebei University of Technology and the Company have signed a framework agreement in relation to the cooperation of sponsoring the Hebei University of Technology City College; On 22 August 2018, Chongqing Yuecheng and Hebei University of Technology have formally entered into (i) Hebei University City College Sponsorship Cooperation Agreement; and (ii) Hebei University of Technology College Conversion Framework Agreement; On 23 August 2018, Chongqing Yuecheng entered into an agreement with the Zhangjiakou Government and Zhangjiakou Economic Development Zone Management Committee\* (張家口經濟開發區管理委員會) in relation the cooperation of construction and development of Hebei University of Technology City College and certain subsequent agreements in relation to the details of the cooperation (together referred as “**Signed Agreements**”).

## ENTERED INTO RELEASE AGREEMENT

The Board announced that due to the delayed in the progress of the transactions contemplated under the Signed Agreements, and in view of the best interests of the Company and its shareholders as a whole, after friendly and arms-length negotiations between all parties, on 22 January 2019 (after trading session), the Company, Chongqing Yuecheng, the Zhangjiakou Government, the Zhangjiakou Economic Development Zone Management Committee and Hebei University of Technology reached agreements on the termination of the Signed Agreements, and entered into the termination/release agreements (the “**Release Agreement**”).

In accordance to the Release Agreement, all parties agreed:

- (i) From the effective date of the Release Agreement, all parties shall no longer perform their obligations in respect of the Signed Agreements which shall perform but not yet performed.
- (ii) To release the co-management arrangement of the co-managed account set up by Chongqing Yuecheng and co-managed with Hebei University of Technology at the time of signing the Release Agreement, the principal amount of RMB100 million initially deposited and interest accrued on it in the said account will be dominated by Chongqing Yuecheng; and
- (iii) Each party shall not bear any responsibility and shall not hold each other accountable for the other party in the Signed Agreements in any way.

The Company confirms that other than the deposit made into the co-managed account managed by Hebei University of Technology and Chongqing Yuecheng as mentioned in sub-paragraph (ii) in the above paragraph, the Group has not conducted any other transactions contemplated under the Signed Agreements.

The said delay in the progress of the transactions contemplated under the Signed Agreements was primarily related to the uncertainty of the timing of the core transactions, including but not limited to the timing of change of school sponsor of City College to Chongqing Yuecheng and Hebei University of Technology and the timing of conversion of City College into an independently organized private normal higher education institution. The Company has carefully considered the time cost and capital expenditure required to consummate the transactions under the Signed Agreements, including but not limited to co-sponsoring City College, and considering that the termination of the Signed Agreements will not cause any financial loss to the company and its affiliates and will make available resources for the Group to invest in other projects, the Directors of the Company consider that this is in line with the interest of Company and the Shareholders.

The Directors of the Company consider that the signing of the Release Agreement will not have a material adverse effect on the operation and financial position of the Group. The Group will actively follow up other potential acquisition targets to continue to expand the Group's school network.

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

Hong Kong, 22 January 2020

*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*