

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)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 51% EQUITY INTERESTS OF
BEIJING XIAOAI INTELLIGENT TECHNOLOGY COMPANY LIMITED
FORMATION OF AN INTEGRATED EDUCATION SERVICE PLATFORM
OF
“RECRUITMENT, CULTIVATION AND EMPLOYMENT”

This announcement is made by the Company on a voluntary basis.

THE ACQUISITION

The Board is pleased to announce that on 16 July 2021 (after trading hours), Shiji Kuangao (an affiliated consolidated entity of the Company), Ms. Tan, Ningbo Xiaoai, Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo, Wuhan Jiazhuo and Xiaoai Technology entered into the Equity Investment Agreement, pursuant to which, Shiji Kuangao conditionally agreed to acquire, and Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo and Wuhan Jiazhuo conditionally agreed to sell a total of 44.7964% equity interests of Xiaoai Technology (the “**Target Interests**”) at a total consideration of RMB63,184,986. Pursuant to the Equity Investment Agreement, after the Target Interests have been acquired by Shiji Kuangao and registered for change with the market supervision and management department, Shiji Kuangao will inject a total of RMB16,880,000 into Xiaoai Technology as a capital injection (together with the acquisition of the Target Interests by Shiji Kuangao, the “**Acquisition**”). The Total Consideration shall not exceed RMB80,064,986. After the Completion, Shiji Kuangao will hold 51% equity interests of Xiaoai Technology.

PERFORMANCE COMMITMENT

Ms. Tan and Ningbo Xiaoai jointly committed to Shiji Kuangao that, for the three years ending 31 December 2021, 2022 and 2023, the net profit after tax attributable to Xiaoai Technology audited by one of the four major international accounting firms designated by Shiji Kuangao in accordance with international accounting standards, after deducting the non-recurring gains (excluding the net profit generated by the business cooperation between Xiaoai Technology and Shiji Kuangao and its related parties), shall be not less than RMB15,000,000.

INFORMATION ON XIAOAI TECHNOLOGY

Xiaoai Technology is an internet company which mainly engages in providing SaaS services for the human resources industry. It provides a tripartite online human resources service platform for human resource service companies, employers and individuals, which improves service efficiency through modern information technology to reduce service costs.

The unaudited operating income of Xiaoai Technology increased from approximately RMB 1.327 million for the year ended 31 December 2018 to approximately RMB 11.673 million for the year ended 31 December 2020, with the compound annual growth rate of approximately 196.6%, representing a rapid growth of operating income.

The website platform operated by Xiaoai Technology (<https://www.workai.com.cn>) currently involves approximately 700 human resources companies and 10,800 employers, which accumulated a pool of approximately 3 million employees.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

This announcement is made by the Company on a voluntary basis.

THE ACQUISITION

The Board is pleased to announce that on 16 July 2021 (after trading hours), Shiji Kuangao (an affiliated consolidated entity of the Company), Ms. Tan, Ningbo Xiaoai, Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo, Wuhan Jiazhuo and Xiaoai Technology entered into the Equity Investment Agreement, pursuant to which, Shiji Kuangao conditionally agreed to acquire, and Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo and Wuhan Jiazhuo conditionally agreed to sell a total of 44.7964% equity interests of Xiaoai Technology at a total consideration of RMB63,184,986. Pursuant to the Equity Investment Agreement, after the Target Interests have been acquired by Shiji Kuangao

and registered for change with the market supervision and management department, Shiji Kuangao will inject a total of RMB16,880,000 into Xiaoai Technology as a capital injection. The Total Consideration shall not exceed RMB80,064,986. After the Completion, Shiji Kuangao will hold 51% equity interests of Xiaoai Technology.

Shiji Kuangao is a wholly-owned subsidiary of Chongqing Jierui Education Technology Co., Ltd* (重慶傑睿教育科技有限公司) (“**Jierui**”), which is controlled by the Company through a series of contractual arrangements entered into between Chongqing Mengzhuo, Jierui, and its shareholders on 2 May 2018. For details of the contractual arrangement, please refer to the announcements of the Company dated 12 March 2018, 13 April 2018 and 2 May 2018.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of Ms. Tan, Ningbo Xiaoai, Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo, Wuhan Jiazhuo and Xiaoai Technology is an Independent Third Party of the Company.

COMPLETION

The Completion shall be proved when (i) the main conditions precedents for the Completion specified in the Equity Investment Agreement are satisfied or exempted; (ii) the industrial and commercial change registration that Shiji Kuangao has held 51% equity interests of Xiaoai Technology as agreed in the Equity Investment Agreement has been completed; and (iii) within three (3) working days after the original documents proving the completion of the registration of such changes have been submitted to Shiji Kuangao (which must be satisfactory to Shiji Kuangao), or at other times or other dates agreed in writing by Xiaoai Technology and Shiji Kuangao at the agreed location.

PERFORMANCE COMMITMENT

Ms. Tan and Ningbo Xiaoai jointly committed to Shiji Kuangao that, for the three years ending 31 December 2021, 2022 and 2023, the net profit after tax attributable to Xiaoai Technology audited by one of the four major international accounting firms designated by Shiji Kuangao in accordance with international accounting standards, after deducting the non-recurring gains (excluding the net profit generated by the business cooperation between Xiaoai Technology and Shiji Kuangao and its related parties), shall be not less than RMB15,000,000.

INFORMATION ON XIAOAI TECHNOLOGY

Xiaoai Technology is a limited liability company established in Beijing in May 2017. It is an internet company which mainly engages in providing SaaS services for the human resources industry. It provides a tripartite online human resources service platform for human resource service companies, employers and individuals, which improves service efficiency through modern information technology to reduce service costs.

The unaudited operating income of Xiaoai Technology increased from approximately RMB 1.327 million for the year ended 31 December 2018 to approximately RMB11.673 million for the year ended 31 December 2020, with the compound annual growth rate of approximately 196.6%, representing a rapid growth of operating income.

The website platform operated by Xiaoai Technology (<https://www.workai.com.cn>), currently involves approximately 700 human resources companies and 10,800 employers, which accumulated a pool of approximately 3 million employees.

The businesses operated by Xiaoai Technology require a value-added telecommunications business license, which Xiaoai Technology holds. According to the “Special Administrative Measures for Foreign Investment Access (Negative List) (2020 Edition)”, the proportion of foreign shares in value-added telecommunications services shall not exceed 50% (except for e-commerce, domestic multi-party communications, store and forward, and call centers). In addition, in accordance with the Regulations on the Administration of Foreign Investment in Telecommunications Services, major foreign investors of foreign-invested telecommunications enterprises operating value-added telecommunications services should have good performance and operational experience in operating value-added telecommunications services. According to the requirements of the above-mentioned laws and regulations, considering that the foreign shareholding ratio of value-added telecommunications services does not exceed 50%, and the overseas entities controlled by the Company do not have good performance and operating experience in operating value-added telecommunications services, in order to enable the Group to control Xiaoai Technology, Shiji Kuangao will acquire 51% of the equity interests of Xiaoai Technology, so that Xiaoai Technology will become a subsidiary of Jierui, which is controlled by the Company through a series of contract arrangements.

REASONS AND BENEFITS OF THE ACQUISITION

1. Strengthen the “Internet +” education comprehensive service platform development and promote the optimization and upgrading of the overall business of the Company

In accordance with the “recruitment, cultivation and employment” integrated talent training requirements advocated by the Ministry of Education of the PRC, the Company continuously optimizes and upgrades its business model, upgrading from the traditional “campus education + online education” to an integrated, full-chain, end-to-end and fully closed-loop “Internet +” comprehensive education service platform with “recruitment – evaluation - education/teaching - practical training – examinations - employment”. Xiaoai Technology is an internet company with a human resources SaaS service platform. It has more advanced technology elements and experiences on the operation of the internet enterprise. It will supplement the employment side for the Company’s existing integrated online and offline recruitment, teaching, training and examination services and form a closed loop of talent training, which will lay a better foundation for the Company to further build a professional “Internet +” education comprehensive service platform, as well as to establish an open, mutually beneficial and win-win industry ecosystem.

2. Form a good integration and synergy with the Company's existing education business

The coordination with the on-campus education. Employment is an important index to run colleges and universities. A high employment rate can feed back and empower college enrollment and education and teaching. Xiaoi Technology will provide professional employment services for the graduates of the Company's schools, match employment opportunities, and improve the employment rate. It also guides the schools from the perspective of "export" to closely follow the needs of employers and the industry development trend to build a targeted discipline and professional system and talent training plan, which forms a virtuous circle to improve the school running level and talent training quality.

The coordination between the continuing education and academic qualifications. Xiaoi Technology can match employment, re-employment opportunities and provide precise employment for over millions of students for continuing education for academic qualifications served by the Company which is beneficial to the student enrollment of continuing education programs and development of school-running service of the Company.

The coordination with non-academic vocational education. The Company has vocational education platforms such as IMOOC and OPEN2U. Xiaoi Technology can match suitable employment and re-employment opportunities for the Company's vocational education users, which will help the Company be more focusing on expansion of vocational training, qualification certificate training and other businesses.

3. Conform to the nation's policy orientation of attaching importance to employment and encouraging the development of smart employment services

The nation attaches great importance to employment, emphasizing that "employment is related to the national economy and the people's livelihood, thousands of households and the stability of the society", "taking the employment of college graduates as the top priority of employment" and "taking the realization of high-quality employment as an important criterion for testing the quality of talent training ". The state has established a 24365 smart employment platform requiring "strengthening precise recruitment services, regularizing online recruitment, launching employment cloud services for college graduates, building convenient and efficient job recruitment channels, and improving person-post matching efficiency" and so on. The acquisition of Xiaoi Technology is an important step for the Company to expand its digital and intelligent employment service and create a "digital human market", which conforms to the nation's policy orientation.

4. A huge market potential for employment and human resource services

The total number of college graduates nationwide in 2021 is approximately 9.09 million, and the annual growth rate is expected to be 5-7% during the "14th Five-Year Plan" period. The annual growth rates of adult college graduates, network college graduates and postgraduate

students are expected to be approximately 13.1%, 8.9 % and 11.4%, respectively. The nation has issued “Opinions on Accelerating the Development of the Human Resources Service Industry”* (關於加快發展人力資源服務業的意見) and other policy documents, proposing the goal of “the scale of the human resources industry exceeding RMB2 trillion and the formation of approximately 20 industry leaders”, according to the research report of the consulting agency. The market size of the nation’s human resources service industry is approximately RMB369.4 billion in 2020, and the compound growth rate in the next five years is approximately 17%. In particular, the flexible employment industry and the recruitment-dispatch-connection service industry will be growing rapidly with a huge market potential.

5. Enhance the Company’s financial performance

According to the performance commitment of Ms. Tan and Ningbo Xiaoai, for the three years ending 31 December 2021, 2022 and, the net profit after tax attributable to Xiaoai Technology, after deducting the non-recurring gains (excluding the net profit generated by the business cooperation between Xiaoai Technology and Shiji Kuangao and its related parties), shall be not less than RMB15,000,000. Meanwhile, the business of Xiaoai Technology and the existing business of the Company will form a good integration and synergy, which will become a new driving force for the development of the Company, create new points of growth and form a more complete value chain. The Acquisition will enhance the Company’s financial performance and increase the certainty of the Company’s financial performance growth.

The terms of the Equity Investment Agreement (including the Total Consideration) were arrived after arm’s length negotiation among the parties to the Equity Investment Agreement. Having considered the foregoing, the Directors are of the view that the terms of the Equity Investment Agreement (including the Total Consideration) are on normal commercial terms, which are fair, reasonable and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise specified:

“Board” the board of Directors

“Beijing Anan” Beijing Anan Xinchuang Investment Management Center (Limited Partnership)* (北京桉桉新創投資管理中心(有限合夥)), a limited partnership established in the PRC

“Chongqing Mengzhuo”	Chongqing Mengzhuo Education Technology Company Limited* (重慶夢卓教育科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“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 of Hong Kong Limited (stock code: 1569)
“Completion”	completion of the Acquisition pursuant to the Equity Investment Agreement
“Director(s)”	director(s) of the Company
“Equity Investment Agreement”	an equity investment agreement dated 16 July 2021 entered into among Shiji Kuangao, Ms. Tan, Ningbo Xiaoai, Zhuhai Yunshi, Ningbo Anan, Beijing Anan, Ningbo Zhongcai, Shanghai Wangzhuo, Ningbo Juzhuo, Wuhan Jiazhuo and Xiaoai Technology in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Ningbo Anan”	Ningbo Meishan Free Trade Port Zone Anan Xincheng Investment Management Center (Limited Partnership)* (寧波梅山保稅港區桉欣成投資管理中心(有限合夥)), a limited partnership established in the PRC
“Ningbo Juzhuo”	Ningbo Free Trade Zone Juzhuo Equity Investment Partnership (Limited Partnership)* (寧波保稅區聚卓股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Ningbo Xiaoai”	Ningbo Xiaoai Weizhi Intelligent Technology Partnership (Limited Partnership)* (寧波小愛唯智智能科技合夥企業(有限合夥)), a limited partnership established in the PRC

“Ningbo Zhongcai”	Ningbo Zhongcai Investment Management Company Limited* (寧波中才投資管理有限公司), a limited liability company established in the PRC
“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 region
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Wangzhuo”	Shanghai Wangzhuo Asset Management Center (Limited Partnership)* (上海網卓資產管理中心(有限合夥)), a limited partnership established in the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shiji Kuangao”	Shiji Kuangao (Beijing) Investment Management Co., Limited* (世紀寬高(北京)投資管理有限公司), a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Total Consideration”	the total consideration for the Acquisition
“Ms. Tan”	Ms. Tan Huafang (談華芳), a PRC citizen
“Xiaoai Technology”	Beijing Xiaoai Intelligent Technology Company Limited* (北京小愛智能科技有限公司), a limited liability company established in the PRC
“Wuhan Jiazhuo”	Wuhan Jiazhuo Innovation Equity Investment Center (Limited Partnership)* (武漢珈卓創新股權投資中心(有限合夥)), a limited partnership established in the PRC
“Zhuhai Yunshi”	Zhuhai Yunshi Yuanze Phase I Equity Investment Partnership (Limited Partnership)* (珠海雲時源澤一期股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“%”	per cent

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

Hong Kong, 18 July 2021

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*