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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

RELEASE OF THE SCHOOL SPONSOR'S INTEREST TRANSFER AGREEMENT OF SHOUGUANG BOHAI EXPERIMENTAL SCHOOL

Reference is made to the announcements (“**Announcements**”) issued by the Company respectively on 12 March 2018, 13 April 2018 and 2 May 2018, in relation to Shiji Kuangao (Beijing) Investment Management Co., Ltd* (世紀寬高(北京)投資管理有限公司) (“**Shiji Kuangao**”) (a consolidated affiliated entity of the Company) acquired 100% school sponsor’s interest of Shouguang Bohai Experimental School* (壽光渤海實驗學校) (“**Bohai Experimental School**”). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

On 10 March 2018, Shiji Kuangao has entered into the School Sponsors’ Interest Transfer Agreement (“**Interest Transfer Agreement**”) with Shouguang City Hongjing Town Development and Investment Company Limited* (壽光市宏景城鎮建設投資有限公司) (“**Hongjing Town Development**”), Shouguang City No.1 Middle School* (壽光市第一中學) (“**Shouguang No.1 Middle School**”) and Bohai Experimental School to acquire 100% school sponsor’s interest of Bohai Experimental School at a total consideration of RMB151.73 million. As disclosed in the Announcements, the consideration was payable by three instalments and the first instalment has been settled upon completion of the relevant conditions precedent. The two remaining instalments were payable after completion of the Interest Transfer Agreement, which took place on 2 May 2018, upon satisfaction of certain additional conditions precedent.

THE RELEASE AGREEMENT

The Board announced that, due to some of the condition precedents in relation to the payment of the 2nd installment contemplated under the Interest Transfer Agreement not having been fulfilled within the agreed timeframe under the Interest Transfer Agreement, after friendly negotiations among all parties, on 18 June 2020 (after trading hours), Shiji Kuangao, Hongjing Town Development, Shouguang No.1 Middle School and Bohai Experimental School entered into a release agreement (the “**Release Agreement**”), pursuant to which all the parties agreed to terminate the Interest Transfer Agreement on the terms of the Release Agreement.

In accordance to the Release Agreement, all parties agreed that:

- (1) Within five (5) business days from the date of signing of the Release Agreement, Hongjing Town Development shall unconditionally return the 1st installment of the consideration (the “**1st Installment**”) under the Interest Transfer Agreement amounted to RMB60 million and the relevant interest amounted to approximately RMB3.19 million (the “**Relevant Interests**”) and deposit to Shiji Kuangao’s designated bank account;
- (2) If Hongjing Town Development fails to return the 1st Installment and the Relevant Interests in accordance with the Release Agreement, Hongjing Town Development shall pay Shiji Kuangao a late payment fee at 0.3% per day (the “**Late Payment Fees**”). Bohai Experimental School shall be jointly and severally liable to Shiji Kuangao for the payment obligations of the 1st Installment, the Relevant Interests and the Late Payment Fees;
- (3) Since the date of signing of the Release Agreement, Bohai Experimental School will be managed by Hongjing Town Development and Shouguang No. 1 Middle School, Shiji Kuangao will no longer manage Bohai Experimental School. Hongjing Town Development and Shouguang No. 1 Middle School shall hold the school sponsor’s interests and rights of Bohai Experimental School and bear the obligations and responsibilities as school sponsors of Bohai Experimental School; and
- (4) Shiji Kuangao will return the official seal, the school permit and the private non-enterprise legal person registration certificate of the Bohai Experimental School to Hongjing Town Development.

The Company confirms that as of the date of this announcement, except for the 1st Instalment, the Group has not paid any of the remaining consideration or any other amounts under the Interest Transfer Agreement.

REASONS AND BENEFITS OF THE RELEASE AGREEMENT

After prudent analysis and assessment, the Directors are of the view that entering into the Release Agreement will enable the Group to concentrate on developing its higher education, vocational education and online education businesses, which is aligned with the focus of national educational policy, and is in the interest of the company and its shareholders.

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

Hong Kong, 19 June 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*