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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)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF 100% EQUITY INTEREST IN UMOOC ONLINE
EDUCATION TECHNOLOGY (BEIJING) COMPANY LIMITED
TO
BRING IN THE UNDERGRADUATE COLLEGES AND
VOCATIONAL COLLEGES EDUCATION AND
TEACHING INFORMATION BUSINESS SECTION

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

THE ACQUISITION

The Board is pleased to announce that on 16 October 2021, Beijing Yierxue (an affiliated consolidated entity of the Company), the Transferors (namely, Beijing Yidiyou (Limited Partnership), Ms. Zhao Shuli, Mr. Gu, Ms. Zhao Yan, Mr. Zhang and Ms. Li) and UMOOC entered into the Equity Transfer Agreement, pursuant to which, Beijing Yierxue conditionally agreed to acquire, and the Transferors conditionally agreed to transfer its 100% equity interest in UMOOC for a total consideration of RMB37.5 million. After the Completion, Beijing Yierxue will hold 100% equity interest in UMOOC.

INFORMATION ON UMOOC

UMOOC provides education and teaching informatization construction, online teaching support, mixed teaching applications and other services for more than 400 undergraduate colleges (including graduate schools) and vocational colleges across the country. UMOOC is a national high-tech enterprise, which was restructured and organized by the Digital Learning Research and Application Center of the Institute of Educational Technology of Tsinghua University. It utilizes

Tsinghua University's advanced technology, disciplinary background and professional talent team, mainly in the fields of higher education and vocational education, online education research, design, development, application and evaluation, etc.

For the year ended 31 December 2020, the unaudited operating income of UMOOC was approximately RMB 28.664 million, and its unaudited net profit after tax was approximately RMB 7.851 million. As at 31 December 2020, the unaudited net assets of UMOOC was approximately RMB 29.990 million, and cash fund was approximately RMB 11.533 million.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition does 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.

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Beijing Yierxue is a wholly-owned subsidiary of 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, the Transferors and UMOOC is an Independent Third Party of the Company.

THE PAYMENT OF TOTAL CONSIDERATION

The Total Consideration for Beijing Yierxue to purchase the 100% equity interest in UMOOC from the Transferors is RMB37.5 million, to be paid in four installments. The first installment is 40% of the Total Consideration, which shall be paid within five (5) working days after the Equity Transfer Agreement is signed and certain conditions precedent, including but not limited to the appointment of directors and senior management personnel of UMOOC nominated by the Beijing Yierxue, for payment of the first installment are met. The remaining of the Total Consideration shall be paid in

three installments, each being 20% of the Total Consideration, within 12 months, 24 months and 36 months, respectively after the payment of the first installment of the Total Consideration subject to the completion of certain subsequent matters, including but not limited to the completion of the industrial and commercial change registration to the effect that Beijing Yierxue is the owner of the 100% equity interest in UMOOC, which shall be performed within 30 days after the payment of the first installment of the Total Consideration.

COMPLETION

Subject to the compliance with the terms and conditions of the Equity Transfer Agreement, and the industrial and commercial change registration to the effect that Beijing Yierxue owns 100% equity interest in UMOOC as agreed in the Equity Transfer Agreement has been completed, the Completion shall take place within three (3) working days after the original documents proving the completion of the registration of such changes have been submitted to Beijing Yierxue, or at other times or other dates agreed in writing by UMOOC and Beijing Yierxue at the agreed location.

INFORMATION ON UMOOC

UMOOC provides education and teaching informatization, online teaching support, mixed teaching applications and other services for more than 400 undergraduate colleges (including graduate schools) and vocational colleges across the country. UMOOC is a national high-tech enterprise, which was restructured and organized by the Digital Learning Research and Application Center of the Institute of Educational Technology of Tsinghua University. It utilizes Tsinghua University's advanced technology, disciplinary background and professional talent team, mainly in the fields of higher education and vocational education, online education research, design, development, application and evaluation, education and teaching information services, mainly around student management and training, building an information management platform that fits the university education and management model, supports enrollment, student status, training, graduation and other management links, and realizes the scientific, normalized, and standardized education management; online teaching services, using advanced digital and intelligent learning concepts at home and abroad, relying on the educational technology background and scientific research capabilities of Tsinghua University, building a loosely coupled, integrated, digital, and intelligent learning comprehensive support environment to achieve the connection and data sharing with digital campus platform and related business systems; provision of multi-mode teaching support, assisting the comprehensive reform of teaching in colleges and universities, and innovating talent cultivation models, using mixed teaching as the core.

As of July 2021, UMOOC has accumulatively obtained more than 60 computer software copyrights, including "Tsinghua Education Online", etc., and has been evaluated by professional institutions as "Original acquisition, Domestic leading". Related products and services have been put to application in more than 400 universities, including double first-class universities, "double high plan" vocational colleges, digital campus construction demonstration schools for vocational colleges of the Ministry of Education, and the United Nations Educational, Scientific and Cultural Organization mixed learning capacity construction demonstration colleges.

For the year ended 31 December 2020, the unaudited operating income of UMOOC was approximately RMB 28.664 million, and its unaudited net profit after tax was approximately RMB 7.851 million. As at 31 December 2020, the unaudited net assets of UMOOC was approximately RMB 29.990 million, and cash fund was approximately RMB 11.533 million.

The businesses operated by UMOOC require a value-added telecommunications business license, which UMOOC 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 multiparty 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 abovementioned 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 the required experience mentioned above, Beijing Yierxue will acquire 100% equity interest in UMOOC, so that UMOOC will become a subsidiary of Beijing Yierxue, a wholly-owned subsidiary of Jierui, which is controlled by the Company through a series of contract arrangements.

REASONS AND BENEFITS OF THE ACQUISITION

1. In line with national policy guidance and market demand, provide new momentum and create new source of growth for the Company

Global informatization and digitalization technology are transforming and reshaping the way of education at an unprecedented speed and scale. The state has issued a special “Education Informationization 2.0 Action Plan”, which is used in the teaching team, education supervision, education evaluation, and new education infrastructure. The series of policy documents emphasize the establishment of a new model of talent cultivation, education services and education governance through the support of information technology, and the construction of a high-quality education support system. In this context, the educational information market has huge potential. According to the research report of the consulting organization, the scale of China’s education informatization market in 2020 is approximately RMB475.5 billion, and it is expected to reach approximately RMB690.5 billion in 2026, with a compound growth rate of about 6.4%. It is expected that the market scale and demand for education informatization will continue in the future with rapid growth, the Acquisition is in line with market demand and industry development trends, and will provide new momentum for the development and create new source of growth for the Company.

2. Bringing in the education and teaching informatization business section of undergraduate colleges (including graduate schools) and vocational colleges, and further strengthened the Company's "Internet +" education service system

UMOOC's educational administration and online teaching services for colleges and universities are important business links that are highly concerned by undergraduate colleges (including graduate schools) and vocational colleges and are most closely related to talent cultivation and teaching reform. The Acquisition has strengthened the education and teaching informatization business sector and a relatively complete product line of undergraduate colleges (including graduate schools) and vocational colleges have strengthened the educational informatization service capabilities of the Company that deeply integrate information technology with college business, which is conducive to the Company's creation of overall solutions for B-end customers, providing a full-scenario, full-process product matrix and one-stop education services, and further improve the Company's "Internet +" education service system that integrates "enrollment, cultivation, and employment".

3. Further enhance technical strength, create competitive advantages and core productivity of the Company

UMOOC is a national high-tech enterprise and a typical representative enterprise for the development of the "research-industry integration innovation model" in China. It has the disciplines and scientific research foundations of domestic top universities, technical research and development and achievement transformation capabilities, and has the digital campus application technology of domestic colleges and universities and the outstanding research and development team, products, technologies and services have a strong influence and reputation in the industry and the academic circles, which is conducive to further enhancement of scientific and technological innovation, technology research and development strength, and the improvement of the overall business level, competitive advantage and core productivity of the Company.

4. Expand the Company's customers and channels, which is conducive to the promotion of products and services

UMOOC serves more than 400 colleges and universities, and has a good customer base and external partnerships. The Acquisition will expand the customer base, marketing channels and business cooperation with various colleges and universities, which is beneficial to the promotion of diversified products and services of the Company which can further increase the revenue of the Company.

The terms of the Equity Transfer Agreement (including the Total Consideration) were arrived after arm's length negotiation among the parties to the Equity Transfer Agreement. Having considered the foregoing, the Directors are of the view that the terms of the Equity Transfer 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.

LISITNG RULES IMPLICATION

As all of the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition does 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:

“Acquisition”	the acquisition of the 100% equity interest in UMOOC by Beijing Yierxue pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Beijing Yierxue”	Beijing Yierxue Education Technology Company Limited* (北京易而學教育科技有限公司), a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Beijing Yidiyou (Limited Partnership)”	Beijing Yidiyou Education Technology Center (Limited Partnership)* (北京易地優教育科技中心(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 Transfer Agreement
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 16 October 2021 entered into among Beijing Yierxue, Beijing Yidiyou (Limited Partnership), Ms. Zhao Shuli, Mr. Gu, Ms. Zhao Yan, Mr. Zhang, Ms. Li and UMOOC in relation to the Acquisition

“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	has the meaning ascribed thereto under the Listing Rules
“Jierui”	Chongqing Jierui Education Technology Co., Ltd* (重慶傑睿教育科技有限公司), an affiliated consolidated entity of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Mr. Gu”	Mr. Gujiang (顧江), a PRC citizen
“Mr. Zhang”	Mr. Zhang Xiaoyi (張霄翼), a PRC citizen
“Ms. Li”	Ms. Li Shengjie (李勝傑), a PRC citizen
“Ms. Zhao Shuli”	Ms. Zhao Shuli (趙淑莉), a PRC citizen
“Ms. Zhao Yan”	Ms. Zhao Yan (趙硯), a PRC citizen
“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
“Shareholder(s)”	shareholder(s) of the Company
“Total Consideration”	the total consideration for the Acquisition
“Transferors”	Beijing Yidiyou (Limited Partnership), Ms. Zhao Shuli, Mr. Gu, Ms. Zhao Yan, Mr. Zhang and Ms. Li
“UMOOC”	UMOOC Online Education Technology (Beijing) Limited Company, a limited liability company established in the PRC

“%”

per cent

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

Hong Kong, 17 October 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*