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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

(i) BUSINESS UPDATE OF GUANGDONG MINGSHI ONLINE EDUCATION TECHNOLOGY COMPANY LIMITED, GUANGDONG MINSHENG ONLINE EDUCATION TECHNOLOGY COMPANY LIMITED, GUANGZHOU HAIZHU DISTRICT BLUE STAR VOCATIONAL TRAINING SCHOOL;

(ii) AMENDMENT OF LOAN AGREEMENT ON THE PROVISION OF LOAN BY CHONGQING MENGZHUO EDUCATION TECHNOLOGY COMPANY LIMITED TO GUANGDONG MINSHENG ONLINE EDUCATION TECHNOLOGY COMPANY LIMITED

AND

(iii) PROVISION OF RMB15 MILLION LOAN BY CHONGQING MENGZHUO EDUCATION TECHNOLOGY COMPANY LIMITED TO GUANGDONG MINSHENG ONLINE EDUCATION TECHNOLOGY COMPANY LIMITED

This is a voluntary announcement made by Minsheng Education Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide the shareholders of the Company and potential investors an update on the latest business development of the Company.

Reference is made to the announcement dated 13 October 2019 (the “**Announcement**”) issued by the Company in relation to commencement of entrustment arrangement of (i) Guangdong Mingshi Online Education Technology Company Limited; (ii) Guangdong Minsheng Online Education Technology Company Limited; (iii) Guangzhou Haizhu District Blue Star Vocational Training School and (iv) provision of loan by Chongqing Mengzhuo Education Technology Company Limited to Guangdong Minsheng Online Education Technology Company Limited. Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used in this announcement.

BUSINESS UPDATE OF THE TARGET ENTITIES

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that as of 31 December 2019, there were approximately 112,840 students enrolled online with the Target Entities, of whom approximately 98,000 students were at or above junior college level (include junior college level).

As at the date of this announcement, the student enrollment and business expansion of the Target Entities are progressing smoothly. The Group will leverage with its advantage on its online education platform, in order to create further business synergy through a progressive integration of the Group’s education business on campus and the online education business.

AMENDMENT OF LOAN AGREEMENT

The Board announces that on 25 February 2020 (after trading hours), Chongqing Mengzhuo, Minsheng Online, Mr. Pan and Ms. Liu entered into amendment agreement to the Loan Agreement (“**Amendment Agreement**”) based on arm’s length negotiation among the parties and taking into account the findings from Company’s further verification regarding the assets by which the loan is to be secured. Below are the major terms of the Amendment Agreement:

- (1) The principal amount of loan provided by Chongqing Mengzhuo to Minsheng Online was adjusted from not more than RMB50 million to not more than RMB32 million.
- (2) Mr. Pan and Ms. Liu shall to ensure that the admissions of Minsheng Online and Mingshi Online should be conducted in accordance with the following manners since January 2020: (i) the admission of Minsheng Online should be conducted under the name of Minsheng Online solely or in other manners as approved by Minsheng Online; and (ii) the admission of Mingshi Online should be conducted under the name of Mingshi Online and Minsheng Online jointly and should not be conducted under the name of Mingshi Online solely or jointly with any third parties. Each of Mr. Pan and Ms. Liu further agreed to ensure that Mingshi Online will cease to participate in any admission, including but not limited to the admission under the name of Mingshi Online or any third parties jointly after December 2021.
- (3) Mr. Pan and Ms. Liu shall ensure that the newly enrolled students and the related revenue of Mingshi Online for the year of 2019 which can be transferred to Minsheng Online will be transferred to Minsheng Online as soon as possible with the execution of the corresponding business contract(s) to be completed by December 2020 and all employees of Mingshi Online shall be transferred to Minsheng Online by 2022.

Save as disclosed above, there is no other material change in the terms of Loan Agreement.

SHORT-TERM LOAN AGREEMENT

As disclosed in the Announcement, Chongqing Mengzhuo or its related parties may provide Minsheng Online with a short-term loan in a principal amount of not more than RMB20 million based on the operation needs of Minsheng Online and subject to provision of relevant security by Minsheng Online and after the conditions precedent have been fulfilled according to the Loan Agreement.

The Board announces that, on 25 February 2020 (after trading hours), Chongqing Mengzhuo, Minsheng Online, Mr. Pan and Ms. Liu entered into a short-term loan agreement, (the “**Short-Term Loan Agreement**”), pursuant to which Chongqing Mengzhuo will lend to Minsheng Online a short-term loan of a principal amount of RMB15 million (the “**Short-Term Loan**”).

The following sets out the major terms of the Short-Term Loan Agreement:

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| Date : | 25 February 2020 (after trading hours) |
| Parties : | (i) Chongqing Mengzhuo, as lender; (ii) Minsheng Online, as borrower; (iii) Mr. Pan, as guarantor; and (iv) Ms. Liu, as guarantor |
| Principal of the Short-Term Loan : | RMB15 million |
| Purpose of the Short-Term Loan : | The Short-Term Loan shall be primarily used for related business operation activities of the principal business of Minsheng Online. The Short-Term Loan may not be used for purposes prohibited by laws. |
| Effective period of the Short-Term Loan : | 3 months from the date of drawdown. |
| Interest rate of the Short-Term Loan : | 110% of the benchmark interest rate of the People’s Bank of China for loans of the same tier in the same period. |
| Repayment of the Short-Term Loan : | Minsheng Online shall repay the total principal amount of the Short-Term Loan together with the accrued interests in one lump sum upon the expiration of the effective period of the Short-Term Loan to the bank account designated by Chongqing Mengzhuo. |

Conditions precedent:

The drawdown of the Short-Term Loan by Chongqing Mengzhuo to Minsheng Online is subject to fulfilment of, among others, the following conditions precedent:

- (i) all parties entered into the Short-Term Loan Agreement with effect; and
- (ii) completion of registration procedure of the charge over the property owned by Mr. Pan and Ms. Liu and completion of registration in the corresponding property registration department.

REASONS AND BENEFITS OF ENTERING INTO THE SHORT-TERM LOAN

The Directors are of the view that the Short-Term Loan will (i) enable to accelerate the development of Minsheng Online; and (ii) let the Company and other shareholders of Mingshi Online maintain a good business relationship.

Taking into account the above reasons and benefits, the Directors consider that the terms of the Short-Term Loan Agreement and the transactions contemplated thereunder are normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 25 February 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.