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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)**

**POSSIBLE MAJOR TRANSACTION**  
**ACQUIRING 50% EQUITY INTEREST IN OPEN UNIVERSITY**  
**ONLINE LONG DISTANCE LEARNING EDUCATION**  
**TECHNOLOGY COMPANY LIMITED**

**SUMMARY**

**NOTICE OF AGREEMENT SIGNING**

The Board is pleased to announce that, on 23 December 2020, Beijing Minsheng, an indirect wholly-owned subsidiary of the Company, as the Transferee with intention, submitted an equity transfer application to Tianjin PRE to apply for transfer of the Target Equity, i.e. 50% the equity interest of Open University Online held by Guokai Xiangyun, at the initial Transfer Price of RMB410,000,000 and has paid RMB82,000,000 as deposit to Tianjin PRE on 24 December 2020.

On 28 December 2020, Beijing Minsheng received a notification of agreement signing which issued by Tianjin PRE on 25 December 2020 from the agent. The notification of agreement signing has confirmed Beijing Minsheng to be the Transferee of the Target Equity, and Beijing Minsheng was notified to enter into the Equity Transaction Agreement with Guokai Xiangyun in accordance with the relevant arrangements as stated in the transfer information disclosure announcement published by Guokai Xiangyun on Tianjin PRE.

The relevant payment terms and other terms and conditions in respect of the Proposed Acquisition shall be further agreed with the Transferor in the Equity Transaction Agreement. The Equity Transaction Agreement is expected to be entered into within 5 business days upon the date of issuance of the notification of agreement signing from Tianjin PRE. The Company shall make further announcement in respect of the Proposed Acquisition and the terms of the Equity Transaction Agreement as and when appropriate.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition is expected to be more than 25% but all applicable percentage ratios are less than 100%, the Proposed Acquisition will constitute a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

**As the Proposed Acquisition is subject to the final terms and the execution of the Equity Transaction Agreement, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## **NOTICE OF AGREEMENT SIGNING**

On 27 November 2020, Guokai Xiangyun, as the Transferor published the transfer information discourse announcement for the disposal of the Target Equity on Tianjin PRE, with an initial Transfer Price of RMB410,000,000.

On 23 December 2020, Beijing Minsheng, an indirect wholly-owned subsidiary of the Company, as the Transferee with intention, submitted an equity transfer application to Tianjin PRE to apply for transfer of the Target Equity, i.e. 50% the equity interest of Open University Online held by Guokai Xiangyun, at the initial Transfer Price of RMB410,000,000 and has paid RMB82,000,000 as deposit to Tianjin PRE on 24 December 2020.

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## **BASIS OF DETERMINATION OF THE TRANSFER PRICE**

The Transfer Price is expected to be RMB410,000,000, in determining the Transfer Price, the Company has taken into account of, among others, the following factors:

- (1) the Transferor has evaluated the Target Equity in accordance with the relevant policy requirements for the transfer of state-owned assets and determined that the initial Transfer Price was RMB410,000,000;
- (2) the consideration for the acquisition of the 100% of the issued shares of TCL Educational Web (which then held 50% of the equity interest in Open University Online) by Minsheng Education Technology in March 2020, which was determined on the basis of the various factors disclosed in the announcements of the Company dated 25 March 2020 and 3 May 2020; and
- (3) the Company would have 100% equity interests in Open University Online after the completion of the Proposed Acquisition.

## **INFORMATION OF OPEN UNIVERSITY ONLINE**

### **Open University Online**

Open University Online is a limited liability company established under the law of the PRC on 2 April 2001, which is owned as to 50% by the Transferor, 25% by the Transferee and 25% by TCL Educational Web (an indirect wholly-owned subsidiary of the Company). Upon completion of the Proposed Acquisition, the Transferee will own 75% of shares of Open University Online and TCL Educational Web owns 25% of shares of Open University Online and therefore Open University Online will become an indirectly wholly-owned subsidiary of the Company, whose financial performance will be fully consolidated into the Company. Open University Online is the national operator of the public service system for distance education and mainly engaged in the software development and production of computer software and hardware and distance education software; technology development of information networks and other businesses. As at the date of this announcement, Open University Online holds 100% equity interests of Open Distance Education.

### **Open Distance Education**

Open Distance Education is a limited liability company established under the law of the PRC on 26 September 2003, to undertake the construction, management and operation of China's first public service system for distance education and the only national public service system for distance education. Open Distance Education provides enrollment, payment, educational support, educational administration, operation, learning center management, brand promotion, student assistance, exams, teaching materials, platform and technology, big data support and other services for cooperative universities and learners, it ranked the first in terms of the number and services of cooperative universities in the area of distance education, the number of students and the number of channels and centres, and it is the largest distance education service operator in China. In addition, Open Distance

Education has also developed business sectors with open university system cooperation in running schools, teacher continuing education and training, IMOOC.com, and examination business, and holds a leading position in China.

As of the date of this announcement, (i) Open Distance Education has carried out online education cooperation with more than 30 well-known domestic universities including Peking University, Nankai University, Tianjin University, Beijing Normal University, etc., providing a few hundred undergraduate and junior college majors, with approximately 1 million students enrolled, with more than 1,800 learning centers in 31 provinces (autonomous regions, municipalities) across China; (ii) Open Distance Education has cooperated with 9 open universities; (iii) Open Distance Education has trained teachers throughout 2020 for approximately 2.9 million person counts cumulatively, (iv) IMOOC.com, having been registered by over 20 million users and with approximately eight million current registered users, provides more than 3,000 courses; (vi) the national unified examination for online education takes an average of about 2 million person counts per year, an average of 4.6 million persons counts per year for course examinations and social examinations.

Set out below is the summary of unaudited consolidated financial information of Open University Online prepared in accordance with IFRS:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the nine months ended 30 September 2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	793,008	813,017	593,522
Net profit before taxation	57,385	56,617	60,326
Net profit after taxation	55,116	54,791	46,795

According to the consolidated management account of Open University Online prepared in accordance with IFRS, the unaudited net assets of Open University Online was RMB340,370,319 as of 30 September 2020.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

### **1. In-line with national education policy guidance and future education development trends**

In recent years, China has clearly pointed out through a series of important conferences and policy documents the propositions of “building an education system that serves the life-long learning of all people, and strive to form a new pattern of education governance with the participation of the whole society”. The Proposed Acquisition is in line with China’s policy orientation to encourage the development of online education, lifelong education, and continuing education, and it also conforms to the “Internet +” Education, online and offline education integrated development in the future education development trend and carries great opportunity.

### **2. Open University Online/Open Distance Education are leading companies in the industry with huge development potential**

Open University Online/Open Distance Education is the only operator approved by the Ministry of Education for the national modern distance education public service system, it cooperates with more than 30 well-known universities nationwide, more than 1,800 learning centers covering 31 provincial administrative regions nationwide, serving approximately 1 million college students nationwide, and has a number of invention patents and software copyrights, through big data, artificial intelligence and other technologies to build a comprehensive online learning platform, with a huge potential in further development.

### **3. Contribute to the implementation of the Company’s overall development strategy**

The Company implements the overall development strategy of “empowering education with technology, creating a new ecology of smart education, advancing the two-wheel drive of general higher education + vocational education, and the integrated development of campus education + online education”, and actively explores online education business. Upon the completion of the Proposed Acquisition, the Company will position itself in a industry leading position in terms of business scale and technical level in online education. Based on these fundamental and the leading position, it will help the Company to realize the organic integration of its various online business segments, and realise the complementary advantages of the Company's on-campus education and online education resources and the collaborative development of business.

### **4. Enhancing the Company’s financial performance**

The valuation of the Transfer Price of the Proposed Acquisition is reasonable and better than the average level of comparable companies in the market. The acquisition of the remaining 50% of the equity of Open University Online will enable the Company to consolidate the financial

results of Open University Online/Open Distance Education, which is expected to significantly increase the Group's revenue, thereby reflecting the good financial situation of the Company and increase the certainty of the financial results of the Company.

The Directors are of the view that the Transfer Price is fair and reasonable and the Proposed Acquisition will be in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition is expected to be more than 25% but all applicable percentage ratios are less than 100%, the Proposed Acquisition will constitute a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The Equity Transaction Agreement is expected to be entered into with the Transferor within 5 business days upon the issue of the notification of agreement signing. The Company shall make further announcement in respect of Proposed Acquisition and the terms of the Equity Transaction Agreement as and when appropriate. In addition, a circular containing, among other things, further details relating to the Equity Transaction Agreement and the Proposed Acquisition, and the financial information of Open University Online shall be despatched to the Shareholders as soon as possible after the execution of the Equity Transaction Agreement.

*As the Proposed Acquisition is subject to the final terms and the execution of the Equity Transaction Agreement, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.*

## **Information on the Group**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of providing high-quality ordinary higher education and vocational education in the PRC.

## **Information on the Transferee**

The Transferee is a company established under the laws of the PRC with limited liability, which is principally engaged in technology promotion service and education consulting, and is an indirect wholly-owned subsidiary of TCL Educational Web, which in turn is an indirect wholly-owned subsidiary of the Company.

## Information on the Transferor

The Transferor is a company established under the laws of the PRC with limited liability, which is principally engaged in investment and asset management. The Transferor is a wholly-owned subsidiary of The Open University of China.

According to publicly available information, The Open University of China is a new type of university under the direct supervision of the Ministry of Education of the PRC. It provides distance and open education supported by modern information technology, including degree education and non-degree continuing education services to public. The beneficial owner of The Open University of China is the Ministry of Education of the PRC.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Transferor and its ultimate beneficial owners are third parties independent of the listed issuer and connected persons of the Group.

## DEFINITIONS

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

“Beijing Minsheng”	Beijing Minsheng Times Education Technology Company Limited* (北京民晟時代教育科技有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Days”	a calendar day excluding Saturday, Sunday or all statutory holidays
“BVI”	British Virgin Islands
“Company”	Minsheng Education Group Company Limited (民生教育集团有限公司), 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 (stock code: 1569)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Equity Transaction Agreement”	the equity transaction agreement expected to be entered into between the Transferor and the Transferee in respect of the Proposed Acquisition

“Group”	the Company and its subsidiaries
“Guokai Xiangyun”	Guokai Xiangyun (Beijing) Asset Management Company Limited* (國開祥雲(北京)資產管理有限責任公司), a company established in the PRC and a wholly-owned subsidiary of The Open University of China
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minsheng Education Technology”	Minsheng Education Technology Company Limited (民生教育科技有限公司), a limited liability company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company
“Open Distance Education”	Beijing Open Distance Education Centre Company Limited* (北京奧鵬遠程教育中心有限公司), a company established in the PRC and a wholly-owned subsidiary of Open University Online
“Open University Online”	Open University Online Long Distance Learning Education Technology Company Limited* (電大在線遠程教育技術有限公司), a company established in the PRC and a parent company of Open Distance Education
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Proposed Acquisition”	the proposed acquisition of the Target Equity Interest through a tender process subject to the final terms and execution of the Equity Transaction Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity”	50% equity interests in Open University Online
“TCL Educational Web”	TCL Educational Web Limited, a limited liability company incorporated in the BVI and an indirectly wholly-owned subsidiary of the Company
“Tianjin PRE”	Tianjin Property Rights Exchange Centre (天津產權交易中心)
“Transferee”	Beijing Minsheng
“Transferor”	Guokai Xiangyun
“Transfer Price”	the transfer price for the Proposed Acquisition
US\$	US\$, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 28 December 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*