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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)**

**DISCLOSEABLE TRANSACTION**  
**THE ACQUISITION OF 51% OF THE EQUITY INTEREST OF MINSHENG**  
**ONLINE EDUCATION TECHNOLOGY COMPANY LIMITED**

**THE ACQUISITION**

The Board is pleased to announce that on 26 June 2021, Chongqing Mengzhuo, Chongqing Fanyun (a consolidated affiliated entity of the Company), Huzhou Qimeng, Mr. Pan, Ms. Liu, Mingshi Group, Mingshi Online and Minsheng Online entered into the Equity Transfer Agreement. Pursuant to which, Chongqing Fanyun conditionally agreed to acquire, Mr. Pan and Huzhou Qimeng conditionally agreed to sell 51% of the equity interests of Minsheng Online for a total consideration of RMB130,000,000, subject to the downward price adjustment in accordance with the completion of the Performance Commitment. Pursuant to the completion of the Performance Commitment, the amount of equity in Minsheng Online to be transferred by Mr. Pan and Huzhou Qimeng may be upward adjusted to up to 100% and the Consideration may be downward adjusted from RMB130,000,000.

**PERFORMANCE COMMITMENT**

Each party(ies) agree that the Consideration shall be adjusted based on Minsheng Online's actual financial performance for the three years ending 31 December 2022 with reference to the following performance targets: (i) the net profit of Minsheng Online for the year ending 31 December 31 2021 shall be higher than that of the year ended 31 December 2020 and the net profit of Minsheng Online for the year ending 31 December 2022 shall be higher than that of the year ending 31 December 2021; (ii) the total net profit of Minsheng Online for the entire Performance Commitment Period (for the three years ending 31 December 2020, 2021 and 2022) shall not be less than RMB60,000,000; and (iii) the net profit for the year ending 31 December 2022 shall not less than RMB30,000,000.

## **TERMINATION OF ENTRUSTED MANAGEMENT AGREEMENT**

Chongqing Mengzhuo, Mr. Pan, Ms. Liu, Mingshi Group, Mingshi Online and Minsheng Online agreed to terminate the Entrusted Management Agreement from the date of Completion, and Chongqing Mengzhuo will then cease the entrusted management of Minsheng Online, Mingshi Online, and Bluestar School.

## **INFORMATION OF MINSHENG ONLINE**

Minsheng Online is a leading adult online education institution in the Greater Bay area, which mainly provides academic education services and vocational education and training through online platform. As of 31 May 2021, Minsheng Online has a total of approximately 69,600 students in undergraduate and junior college or above majors, approximately 53,700 students in self-learning higher education examination and provides other vocational programmes to approximately 11,200 students.

## **IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under Rules 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but not subject to the circular and shareholder approval requirements pursuant to Chapter 14 of the Listing Rules.

Reference is made to the (i) announcement dated 13 October 2019 issued by the Company in relation to Mingshi Online, Minsheng Online and Bluestar School which was entrusted managed by Chongqing Mengzhuo (a wholly-owned subsidiary of the Company) and the provision of loan by Chongqing Mengzhuo to Minsheng Online; and (ii) announcement dated 25 February 2020 issued by the Company in relation to the amendment of loan agreement on the provision of loan by Chongqing Mengzhuo to Minsheng Online and provision of RMB15,000,000 loan by Chongqing Mengzhuo to Minsheng Online (the “**Announcements**”). Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used in this announcement.

## **THE ACQUISITION**

The Board is pleased to announce that on 26 June 2021, Chongqing Mengzhuo, Chongqing Fanyun (a consolidated affiliated entity of the Company), Huzhou Qimeng, Mr. Pan, Ms. Liu, Mingshi Group, Mingshi Online and Minsheng Online entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Chongqing Fanyun conditionally agreed to acquire, Mr. Pan and Huzhou Qimeng conditionally agreed to sell, 51% of the equity interests of Minsheng Online, for a consideration of RMB130,000,000, subject to the downward price adjustment in accordance with the completion of the Performance Commitment. Pursuant to the completion of the Performance

Commitment, the amount of equity in Minsheng Online to be transferred by Mr. Pan and Huzhou Qimeng may be upward adjusted to up to 100% and the Consideration may be downward adjusted from RMB130,000,000.

Details of the terms and conditions of the Equity Transfer Agreement are set out below:

## **THE EQUITY TRANSFER AGREEMENT**

Date: 26 June 2021

Parties: (i) Chongqing Mengzhuo;  
(ii) Chongqing Fanyun, as Transferee ;  
(iii) Huzhou Qimeng and Mr. Pan, as Transferor ;  
(iv) Ms. Liu ;  
(v) Mingshi Group ;  
(vi) Mingshi Online; and  
(vii) Minsheng Online

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Huzhou Qimeng, Mr. Pan, Ms. Liu, Mingshi Group, Mingshi Online and Minsheng Online and each of their respective ultimate beneficial owners are Independent Third Parties.

For further information on the parties, please refer to the section headed "Information of the Parties" below.

## **TOTAL CONSIDERATION**

Subject to the downward price adjustment pursuant to the completion of the Performance Commitment, the Consideration shall be RMB130,000,000.

The total consideration is determined by the Company and the Transferor after arms' length negotiation and on normal commercial terms, mainly taking into account (i) the future growth potential of Minsheng Online and the future development prospects of China's online education business; (ii) the Performance Commitment; and (iii) the reasons and benefits of the acquisition have been published in the paragraph headed "Reasons and benefits of the Acquisition" in this announcement.

The Directors believe that the terms of the Equity Transfer Agreement and the Acquisition are fair, reasonable and in the interests of the Company and its shareholders as a whole.

## **PAYMENT OF THE CONSIDERATION**

The consideration shall be paid in four instalments subject to fulfilment of the respective main conditions precedent as follows:

	<b>Date of payment</b>	<b>Amount</b>	<b>Main Conditions Precedent</b>
First Instalment (as deposit)	Within ten (10) working days from the date on which Chongqing Fanyun confirmed that the relevant conditions precedent in respect of the first instalment have been fulfilled, after receipt of a certificate from Transferor to such effect.	RMB13,000,000	Please refer to paragraph headed “First Instalment Payment Main Conditions Precedent” in section headed “Conditions Precedent – Main Conditions Precedent for Each Instalment” below.
Second Instalment	Within ten (10) working days from the date on which Chongqing Fanyun confirmed that the relevant conditions precedent in respect of the second instalment have been fulfilled, after receipt of a certificate from Transferor to such effect.	RMB32,500,000	Please refer to paragraph headed “Second Instalment Payment Main Conditions Precedent” in section headed “Conditions Precedent – Main Conditions Precedent for Each Instalment” below.

	<b>Date of payment</b>	<b>Amount</b>	<b>Main Conditions Precedent</b>
Third Instalment	Within ten (10) working days from the date on which Chongqing Fanyun confirmed that the relevant conditions precedent in respect of the third instalment have been fulfilled, after receipt of a certificate from Transferor to such effect.	<p>(i) if the net profit of Minsheng Online for the year ending 31 December 2021 is higher than RMB20,000,000, the actual payment of the third installment is RMB68,950,000;</p> <p>(ii) if the net profit of Minsheng Online for the year ending 31 December 2021 is less than RMB20,000,000 but more than RMB12,000,000, the actual payment for the third instalment will be the net profit for the year ending 31 December 2021 divided by RMB20,000,000 multiplied by RMB68,950,000;</p> <p>(iii) if the net profit of Minsheng Online for the year ending 31 December 2021 is less than RMB12,000,000, the Transferor has the right to suspend the payment of the third installment, and the actual payment for the third installment is zero.</p>	Please refer to paragraph headed “Third Instalment Payment Main Conditions Precedent” in section headed “Conditions Precedent – Main Conditions Precedent for Each Instalment” below.

	<b>Date of payment</b>	<b>Amount</b>	<b>Main Conditions Precedent</b>
Fourth Instalment	Within ten (10) working days from the date on which Chongqing Fanyun confirmed that the relevant conditions precedent in respect of the fourth instalment have been fulfilled, after receipt of a certificate from Transferor to such effect.	The difference between the (i) exact total consideration; and (ii) the sum of the amount paid by Chongqing Fanyun at first, second and third instalments.	Please refer to paragraph headed "Fourth Instalment Payment Main Conditions Precedent" in section headed "Conditions Precedent – Main Conditions Precedent for Each Instalment" below.

## **COMPLETION**

Completion shall take place within three (3) working days after the main conditions precedent for Completion specified in the Equity Transfer Agreement are proved to be met or waived and the completion of payment of the first instalment, or other time agreed in writing by Minsheng Online and Chongqing Fanyun at the agreed place, in addition, Huzhou Qimeng, Mr. Pan, Ms. Liu and Minsheng Online must inform in advance that these condition precedents have been met and provide all original documents satisfied by Chongqing Fanyun.

## **CONDITIONS PRECEDENT**

### **A. Main conditions precedent for completion**

- (1) The statements and warranties of each parties in the Equity Transfer Agreement were true and accurate at the time of making, and should be true and accurate as of the delivery date, and have the same effect and effect as those made on the date of payment by Chongqing Fanyun; and
- (2) Each parties have signed and delivered to other parties every transaction agreement with him as a party

### **B. Main conditions precedent for each instalment**

The main conditions precedent for the first, second, third and fourth instalment payments are as follows:

### ***First instalment payment main conditions precedent***

The conditions precedent for completion remains satisfied or waived in writing by the relevant party(ies).

### ***Second instalment payment main conditions precedent***

- (1) The conditions precedent for completion remains satisfied or waived in writing by the relevant party(ies).
- (2) The 51% of equity interest in Minsheng Online hold by Mr. Pan which pledged to Chongqing Mengzhuo has completed the registration of the cancellation of the equity pledge at the registration authority and submit the originals of the registration documents for the cancellation of the equity pledge to Chongqing Fanyun;
- (3) Mr. Pan and Chongqing Fanyun have separately signed an equity pledge contract to pledge 49% of his holdings of Minsheng Online to Chongqing Fanyun and all necessary legal documents in relation to equity pledge, and Chongqing Fanyun has received a note stating that the 49% equity interests of Minsheng Online held by Mr. Pan has been pledged to Chongqing Fanyun's is appeared in the shareholder register of Minsheng Online (stamped with the official seal of Minsheng Online). The 49% equity interest of Minsheng Online has completed the pledge registration/recording procedures with the market supervision and management department, and Chongqing Fanyun has received the original written certification documents for the registration of such equity pledge;
- (4) Chongqing Fanyun has been recorded in the shareholder register of Minsheng Online as a shareholder and acquired 51% of the shares of Minsheng Online. Minsheng Online has provided Chongqing Fanyun with the original shareholder register and the capital contribution document stamped with the official seal of Minsheng Online and signed by the legal representative of Minsheng Online;
- (5) The Transferor transferred 51% of the equity of Minsheng Online (including 2% of the equity of Minsheng Online held by Mr. Pan and 49% of the equity of Minsheng Online held by Huzhou Qimeng) to Chongqing Fanyun;
- (6) The board of directors of Minsheng Online and Minfushengqiang each consists of five (5) directors, including three (3) directors appointed by Chongqing Fanyun (including one (1) chairman). Two (2) directors (including one vice chairman) appointed by Mr. Pan, the general manager is recommended by Chongqing Fanyun and appointed by the board of directors; the board of directors of Minsheng Online's subsidiary Minyun Information consists of three (3) directors, including two (2) directors appointed by Chongqing Fanyun (including one (1) chairman and legal representative), one (1) director appointed by Mr. Pan, and the general manager is recommended by Mr. Pan and appointed by the board of directors;

- (7) The industrial and commercial changes and filing registration in respect of the changes in the shareholders of Minsheng Online, legal representative, directors, supervisors, managers of Minsheng Online and its subsidiaries and the articles of incorporation of Minsheng Online and its subsidiaries have been completed (excluding Minfushengqiang) and the business license issued by the market supervision and management department that records the designated person by Chongqing Fanyun as the legal representative have been obtained; and Minsheng Online has delivered to Chongqing Fanyun the original of the relevant documents proving that the above matters have been completed and confirmed by Chongqing Fanyun;
- (8) Mr. Pan and Huzhou Qimeng passes all the seals of Minsheng Online Entities (including official seals, financial seals, contract seals, etc.) and related business licenses, account opening permits, organization code certificates, bank account information (including the changes of the form of seal on the seal card to the form of seal designated by Chongqing Fanyun and the authorized signatory to the designated person by Chongqing Fanyun) to Chongqing Fanyun or its designated person for safe keeping, management and application;
- (9) Minsheng Online has signed the labor contract with the deputy general manager, financial officer and office director appointed by Chongqing Fanyun; Minsheng Online has signed the labor contract with format and the content of the confidentiality and non-competition clauses to the reasonable satisfaction of the parties with Mr. Pan and the core employees of Minsheng Online;
- (10) All back-end data and source code review authority of Minsheng Online Entities, including but not limited to all product source codes and code repository(ies), package compilation system, all back-end database authority have been released to Chongqing Fanyun or its designated persons with the login account and login password having the highest authority for access and management;
- (11) Mr. Pan, Mingshi Online, Mingshi Group, Bluestar School, and Ms. Liu have effectively signed a non-competition undertaking;
- (12) Bluestar School and Minsheng Online have signed an exclusive business cooperation agreement to ensure that all the main businesses of Bluestar School are inherited and completed by Minsheng Online; and
- (13) Chongqing Fanyun has paid the first instalment and received the corresponding receipt issued by Minsheng Online.

### ***Third instalment payment main conditions precedent***

- (1) The conditions precedent for completion remains satisfied or waived in writing by the relevant party(ies).
- (2) All intellectual property rights of the “POKO Academy” APP and related trademarks, patents, software copyrights and other intellectual property rights will be transferred free of charge to Minsheng Online, and all costs involved in the transfer of such intellectual property rights shall be borne by the Transferor; The company controlled by Mr. Pan has transferred all intellectual property rights related to Minsheng Online business such as trademarks, patents, and software copyrights to Minsheng Online free of charge, and all costs involved in the transfer of such intellectual property rights shall be borne by the transferor. The domain names within the validity period held by the company controlled by Mr. Pan should be transferred to Minsheng Online free of charge before 31 December 2021 (if certain domain names cannot be transferred on time due to force majeure, the company controlled by Mr. Pan shall authroise Minsheng Online in writing to use the domain name for free upon the written consent by Chongqing Fanyun);
- (3) Minsheng Online has provided Chongqing Fanyun with standard unqualified audit reports for the two years ending 31 December 2020 and 2021, issued by one of the four major international accounting firms;
- (4) The registered capital of Minsheng Online was reduced from RMB10,000,000 to RMB5,000,000; and
- (5) Chongqing Fanyun has paid the second instalment and received the corresponding receipt issued by the Transferor.

### ***Fourth instalment payment main conditions precedent***

- (1) The conditions precedent for completion remains satisfied or waived in writing by the relevant party(ies).
- (2) Minsheng Online has provided Chongqing Fanyun with a standard unqualified audit report issued by one of the four major international accounting firms for the year ending 31 December 2022. The net profit as of 31 December 2022 shall not be less than RMB30,000,000, and net profit of Minsheng Online for the three years ending 31 December 2020, 2021 and 2022 has been increasing year by year, and the total net profit are no less than RMB60,000,000, if net profit of Minsheng Online fail to reach the Cumulative Committed Net Profit and/or Committed Net Profit, but not less than 90% of the Cumulative Committed Net Profit and Committed Net Profit (i.e. which the total net profit during the Performance Commitment Period is not less than RMB54,000,000 and the net profit for the year ending 31 December 2022 is not less than RMB27,000,000) is also deemed to be completed;

- (3) The articles of association and board of directors of Minfushengqiang (5 directors, of which the Chongqing Fanyun appoints 3 directors, the directors appointed by Chongqing Fanyun will be the chairman/legal representative, Mr. Pan appoints 2 directors; the manager are nominated by Mr. Pan and appointed by the board of directors) has been approved and filed by the Education Bureau of Haizhu District, Guangzhou, and submitted to Chongqing Fanyun the original documents for completing the change registration. The managers, supervisors, financial officers and other senior management personnel and the articles of association are in accordance with the Equity Transfer Agreement stipulates to complete the company's change registration in the market supervision and management department and submit the original documents of the corresponding completion of the change registration to Chongqing Fanyun;
- (4) Chongqing Fanyun and the Transferor have confirmed in writing the total actual payment and the amount of the fourth installment payable by Chongqing Fanyun;
- (5) Chongqing Fanyun has paid the third instalment and received the corresponding receipt issued by the Transferor; and
- (6) Mr. Pan has repaid the principal and interest of the loan in full to Chongqing Mengzhuo at the time agreed in the loan agreement.

## **PERFORMANCE COMMITMENT**

Each parties agree that the Consideration shall be adjusted based on Minsheng Online's actual financial performance for the three years ending 31 December 2022 (the "**Performance Commitment Period**") with reference to the following performance targets (the "**Performance Commitment**"): (i) the net profit of Minsheng Online for the year ending 31 December 2021 shall be higher than that of the year ended 31 December 2020 and the net profit of Minsheng Online for the year ending 31 December 2022 shall be higher than that of the year ending 31 December 2021; (ii) the total net profit of Minsheng Online for the entire Performance Commitment Period shall not be less than RMB60,000,000 ("**Cumulative Committed Net Profit**"); and (iii) the net profit for the year ending 31 December 2022 shall not less than RMB30,000,000 ("**Committed Net Profit**"), provided that in each case the net profit of Minsheng Online shall be such amount stated in the audited financial statements of Minsheng Online audited by one of the four major international accounting firms contained in such auditor's audit report(s) ("**Audit Report(s)**").

The parties agree to adjust the total consideration actually paid by Chongqing Fanyun and determine the total actual consideration in accordance to the following manners:

- (1) if the aggregate net profit of Minsheng Online for the three years ending 31 December 2022 and the net profit of Minsheng Online for the year ending 31 December 2022 according to the Audit Report(s) are not lower than 90% of the Cumulative Committed Net Profit and the Committed Net Profit, respectively, (i.e. Cumulative Committed Net Profit is not less than RMB54,000,000 and the Committed Net Profit is not less than RMB27,000,000), the Consideration will not be adjusted.

- (2) If the aggregate net profit of Minsheng Online for the three years ending 31 December 2022 and the net profit of Minsheng Online for the year ending 31 December 2022 according to the Audit Report(s) are lower than 90% of the Cumulative Net Profit and the Committed Net Profit, respectively, the Consideration shall be adjusted in the following manner:

Consideration = net profit for of Minsheng Online for the year ending 31 December 2022 × 8.5 times × Chongqing Fanyun's equity interests in Minsheng Online (i.e. 51%).

- (3) In the event that the abovementioned price adjustment mechanism is triggered, the amount of the fourth installment of the Consideration shall be adjusted in the following manner :

Fourth instalment = Consideration (as adjusted) – first instalment – second instalment – third instalment.

If the amount of fourth installment resulted from the above formula is negative, Mr. Pan, Ms. Liu and the Transferor shall transfer additional equity interests (“**Equity Compensation**”) in Minsheng Online to Chongqing Fanyun to make up for the shortfall. If the shortfall cannot be fully covered by Equity Compensation, Mr. Pan, Ms. Liu and the Transferor shall pay for any outstanding shortfall to Chongqing Fanyun in cash.

Equity Compensation (as a percentage of equity interest in Minsheng Online) = the fourth installment ÷ the actual total consideration × 100%.

If the Equity Compensation is equal to or greater than 49%, Mr. Pan, Ms. Liu and the Transferor shall transfer such proportion of equity interest in Minsheng Online that is equal to the Equity Compensation to Chongqing Fanyun, up to a maximum of 49%. If the Equity Compensation is greater than 49%, Mr. Pan, Ms. Liu and the Transferor shall pay cash compensation to Chongqing Fanyun according to the following formula:

Cash compensation = the fourth installment - actual total consideration × 49%

## **TERMINATION OF THE ENTRUSTED MANAGEMENT AGREEMENT**

Pursuant to the Acquisition Agreement, with effect from the date of the Completion, the Entrusted Management Agreement will be terminated. Accordingly, with effect from the date of the Completion, Chongqing Mengzhuo will cease its entrusted management of Minsheng Online, Mingshi Online, and Chongqing Mengzhuo will no longer bear any losses during the entrusted management period.

The unaudited net profit of Minsheng Online from 12 October 2019 to 31 December 2020 is RMB11,409,046, and the distributable net profit after deducting 25% in accordance to the statutory provision is RMB8,556,785, which shall distribute to Chongqing Fanyuan and Mr. Pan in accordance to the distribution ratio of 51% and 49% respectively within 15 working days from the date of Completion. The distributable net profit after deducting 25% in accordance to the statutory provision

derived from the net profit from 1 January 2021 to the date of Completion shall distribute to Chongqing Fanyun and Mr. Pan in accordance to the distribution ration of 51% and 49% respectively within 15 working days from the date of audit report for the year ended 31 December 2020 and for the period from 1 January 2021 to the date of Completion.

## **INFORMATION ON THE PARTIES**

### **Chongqing Mengzhuo**

Chongqing Mengzhuo Education Technology Company Limited is a limited liability company established in Chongqing on 22 March 2018 and a wholly-owned subsidiary of the Company. Its principal business are school management and consulting.

### **Chongqing Fanyun**

Chongqing Fanyun Education Technology Company Limited is a limited liability company established in Chongqing in February 2018 and a consolidated affiliated entity of the Company and is mainly engaged in education consulting for schools. Chongqing Fanyun 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.

### **Huzhou Qimeng**

Huzhou Qimeng Enterprise Partnership (Limited Partnership) is a limited partnership established in Huzhou, Zhejiang Province and is mainly engaged in enterprise consulting management. As of the date of this announcement, Huzhou Qimeng holds 49% of the equity interest in Minsheng Online.

### **Mr. Pan**

Mr. Pan Guoqiang, a PRC citizen. As of the date of this announcement, Mr. Pan holds 51% and 79.59% equity interest in Minsheng Online and Huzhou Qimeng.

### **Ms. Liu**

Ms. Liu Ruiqiong, a PRC citizen. As of the date of this announcement, Ms. Liu holds 20.41% equity interest in Huzhou Qimeng.

## **Mingshi Group**

Guangdong Mingshi Group Company Limited is a limited liability company established in Guangzhou, Guangdong Province on 4 February 2015, its principal business is education consulting. As at the date of this announcement, Mingshi Group is wholly-owned by Mr. Pan.

## **Mingshi Online**

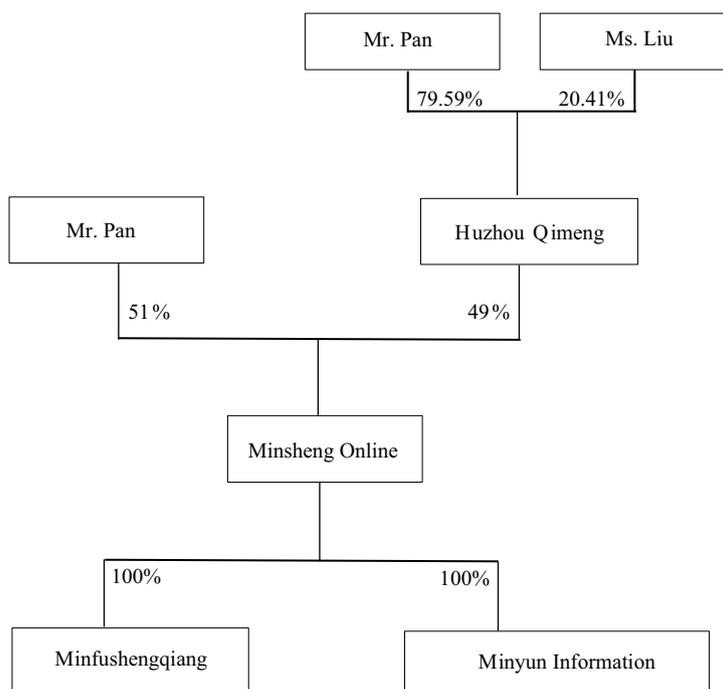
Guangdong Mingshi Online Education Technology Company Limited is a limited liability company established in Guangzhou, Guangdong Province on 6 July 2015. Mingshi Online's principal business is to provide online education, mainly including academic training and vocational and certification training business. As at the date of this announcement, Mr. Pan and Ms. Liu hold 90% and 10% interest in Mingshi Online respectively.

## **Minsheng Online**

Guangdong Minsheng Online Education Technology Company Limited is a limited liability company established in Guangzhou in October 2019, its principal business mainly provide higher education and vocational education and training services through online. As at the date of this announcement,

- (i) directly holds 100% equity interests in Minfushengqiang; and
- (ii) directly holds 100% equity interests in Minyun Information.

The following sets forth shareholding structure of Minsheng Online and its subsidiaries as at the date of the Equity Transfer Agreement:



Minsheng Online is a leading adult online education institution in the Greater Bay area, which mainly provides academic education services and vocational education and training through online platform. As of 31 May 2021, Minsheng Online has a total of approximately 69,600 students in undergraduate and junior college or above majors, approximately 53,700 students in self-learning higher education examination and provides other vocational programmes to approximately 11,200 students.

Below sets out the information of the subsidiaries of Minsheng Online:

### **Minfushengqiang**

Guangzhou Minfushengqiang Education Training Centre Company Limited is a limited liability company established in Guangzhou in November 2020 and is mainly engaged in self-study exam education institution.

### **Minyun Information**

Guangzhou Minyun Information Technology Company Limited is a limited liability company established in Guangzhou in September 2020 and is mainly engaged in artificial intelligence software development, digital cultural creative software development, network and information security software development.

Minsheng Online and its subsidiaries are engaged in adult online academic and vocational education business and education information service in China, and holds a value-added telecommunications business license. According to the “Special Administrative Measures for Foreign Investment Access

(Negative List) (2019 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 Minsheng Online, Chongqing Fanyun will acquire 51% of the equity interests of Minsheng Online, so that Minsheng Online will become a subsidiary of Jierui, which is controlled by the Company through a series of contract arrangements as mentioned in the paragraph headed “Information on the Parties – Chongqing Fanyun” above.

Set out below is the summary of the consolidated financial information of Minsheng Online:

	<b>As at 31 December 2019</b>	<b>As at 31 December 2020</b>	<b>As at 31 five months ended 31 May 2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	466,853	28,648,297	23,539,570
Profit/(loss) after tax	(18,009)	11,409,046	6,808,939

According to the financial information provided by Minsheng Online, the unaudited consolidated net assets of Minsheng Online as of 31 May 2021 was RMB19,095,606.

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

The benefits of the Acquisition are mainly reflected in:

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

Minsheng Online is mainly engaged in the provision of continuing education and online non-academic vocational education services. The Acquisition is in line with the PRC’s policy guidelines for encouraging the development of online education, encouraging the construction of an education system that serves lifelong learning for all people, and improving the coordination and development mechanism of vocational education, higher education, and continuing education. It also conforms to the “Internet +” education and in-line with the future education development trend and opportunity of the integrated development of online and offline education.

## **2. Form a good complement to the Company's existing online education business, which will help the implementation of the overall online education development strategy of the Company**

The Company actively develops online education business, and is committed to creating a full-scale education service platform that covers the entire process of enrollment, evaluation, education and teaching, internship training, examination, and employment in secondary vocational, higher vocational, vocational undergraduate, applied undergraduate to professional postgraduate students. Minsheng Online is a leading adult online education institution in the Greater Bay Area, providing different levels of online undergraduate and junior college education including adult higher education examinations, self-learning higher education examinations and open education. Minsheng Online's business is complementary to the existing online education business of the Company. With the acquisition of Minsheng Online, the Company will be able to achieve a comprehensive and complete layout in the field of continuing education for academic qualifications, and its business covers all types of continuing education for academic qualifications, which is conducive to the integrated training of talents and creates a diversified academic qualification upgrade portfolio within the Company's system. The Acquisition is an important step in advancing the implementation of the Company's overall development strategy for online education. After the completion of the Acquisition, the Company will hold Minsheng Online which able to further increase market share, expand the online education business footprint, and promote the realization of the overall strategic goal.

## **3. It is beneficial to the Company to expand the vocational education business and promote the coordinated development of academic education and vocational education**

Minsheng Education's development of multiple types of vocational qualification certificate training business will effectively supplement the company's existing vocational education sector, and well collaborate with the Company's on-campus education and online academic education. In-line with national strategies such as rural revitalization and higher vocational enrollment, the Company will further expand the categories and services of vocational education services in the future, and provide vocational education qualifications and vocational skills training for retired military personnel, laid-off workers, migrant workers and new-type professional farmers, and promote implementation and collaborative development of academic education and vocational education.

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

The valuation of the Acquisition is reasonable and better than the average of comparable companies in the market. According to the Performance Commitment, the Cumulative Net Profit for the three years ending 31 December 2020, 2021, and 2022 will not be less than RMB60,000,000. Accordingly, the Directors believe the Acquisition will enhance the Company's financial performance and increase the certainty of the Company's financial performance growth.

## IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rules 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but not subject to the circular and shareholder approval requirements pursuant to Chapter 14 of the Listing Rules.

## DEFINITIONS

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

Acquisition	the acquisition of 51% of the equity interests in Minsheng Online by Chongqing Fanyun pursuant to the Equity Transfer Agreement
Blue Star School	Guangzhou Haizhu District Blue Star Vocational Training School* (廣州海珠區藍星職業技術培訓學校), a vocational training institution approved by the education bureau of Haizhu District, Guangzhou, PRC and registered with the civil affairs bureau of Haizhu District, Guangzhou, PRC
Chongqing Fanyun	Chongqing Fanyun Education Technology Company Limited* (重慶凡韻教育科技有限公司), a company established in the PRC, a consolidated affiliated entity of the Company
Completion	completion of the Acquisition pursuant to the Equity Transfer Agreement
Consideration	the total consideration for the Acquisition
Equity Transfer Agreement	an equity transfer agreement dated 26 June 2021 entered into among Chongqing Mengzhuo, Chongqing Fanyun, Huzhou Qimeng, Mr. Pan, Ms. Liu, Minshi Group, Minshi Online and Minsheng Online in related to the Acquisition
Huzhou Qimeng	Huzhou Qimeng Enterprise Partnership (Limited Partnership)* (湖州啟盟企業管理合夥企業(有限合夥)), a limited partnership established in China
Independent Third Party(ies)	third party(ies) which is/are independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company

Minsheng Online Entities	Minsheng Online and any entity which Minsheng Online have more than 50% equity in it or controlled by Minsheng Online
Minfushengqiang	Guangzhou Minfushengqiang Education Training Centre Company Limited* (廣州市民富生強教育培訓中心有限公司), a company established under the laws of the PRC
Minyun Information	Guangzhou Minyun Information Technology Company Limited* (廣州民雲信息科技有限公司), a company established under the laws of the PRC
Transferee	Chongqing Fanyun, the transferee to the Equity Transfer Agreement
Transferor	Mr. Pan and Huzhou Qimeng, the transferor to the Equity Transfer Agreement

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

Hong Kong, 27 June 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*