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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 **AGREEMENTS IN RELATION TO** **THE ESTABLISHMENT OF HIGH SCHOOL IN LAOLING**

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

OVERVIEW

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 12 February 2018, Chongqing Jierui Education Technology Co., Ltd.* (重慶傑睿教育科技有限公司) (“**Jierui**”), a company designated by the Company, entered into an agreement and a supplemental agreement (collectively, the “**Laoling Agreements**”) with the People’s Government of Laoling* (樂陵市人民政府) (the “**Laoling Government**”) in relation to the proposed establishment of a high school offering grade 10 to grade 12 secondary education programs in Laoling, Dezhou, Shandong province of the People’s Republic of China (the “**PRC**”), namely Laoling Senior High School Affiliated with Minsheng Education Group* (民生教育集团附屬樂陵高級中學校) (the “**Minsheng Laoling High School**”).

THE LAOLING AGREEMENTS

Pursuant to the Laoling Agreements, the total investment amount for the establishment of the Minsheng Laoling High School is budgeted to be approximately RMB200,000,000. The Minsheng Laoling High School will be established as an all-day high school with 60 classes for a total of approximately 3,000 students with appropriate facilities, and set up in accordance with the standards for standardized schools in Shandong province. The parties will strive to start accepting student enrollment prior to September 2018. Subject to applicable laws and government policies, Jierui will be entitled to choose, or procure the Minsheng Laoling High School to choose, whether the Minsheng Laoling High School will be a profit making or non-profit making school.

Pursuant to the Laoling Agreements, Jierui is responsible for procuring the construction of the school campus and facilities for, and the establishment of, the Minsheng Laoling High School. The Laoling Government will coordinate the necessary administrative procedures involved in the establishment of the Minsheng Laoling High School and the construction of its campus and facilities. The Laoling Government will also be responsible for ensuring the necessary ancillary infrastructure in relation to the Minsheng Laoling High School, such as transportation, sewage, power, gas and water supply, will be properly connected to the site of the Minsheng Laoling High School and will coordinate the performance of the relevant administrative procedures. The Laoling Government will also provide a certain parcel of land in Laoling of approximately 200 mu (畝) which has been allocated for education purposes for the development of the Minsheng Laoling High School. The Laoling Government will enter into a separate agreement with Jierui with respect to the assignment of the land use right in such land setting out the specific terms and conditions of the assignment.

During the period from September 2018 to August 2022 (the “**Support Period**”), the Minsheng Laoling High School shall be jointly run by the Laoling Government and Jierui in the following manners. The Laoling Government will select certain key teachers and management team from The First Secondary School of Laoling* (樂陵市第一中學校) (the “**Laoling Secondary**”) and assign them to work as teachers and management of the Minsheng Laoling High School. Such teachers and management personnel from Laoling Secondary (the “**Support Team**”) shall represent no less than 80% of the teachers and management team of the Minsheng Laoling High School. Jierui shall be entitled to appoint a vice principal and a chief financial officer of the Minsheng Laoling High School. The Laoling Government will be responsible for paying the basic salary, social insurance and housing fund of the Support Team, while the Minsheng Laoling High School will be responsible for paying performance based awards and bonuses to the Support Team.

After the Support Period, the Minsheng Laoling High School shall be operated independently. The Support Team may choose to remain at Minsheng Laoling High School or to return to Laoling Secondary.

REASONS FOR AND BENEFITS OF THE LAOLING AGREEMENTS

The establishment of the Minsheng Laoling High School represents the Group’s first step in expanding the scope of its businesses into the high school market in the PRC. The Directors believe with the support of the Laoling Government, the proposed establishment of the Minsheng Laoling High School represents an excellent opportunity to enter into the high school segment of the market in which the Group can acquire the know-how and experience in operating high schools. The Directors also believe having a high school segment will create synergies with the Group’s tertiary education institutions in the long run in terms of branding, student referral opportunities and other aspects of the Group’s education business, and the entry into the high school segment of the education market in the PRC will provide a new source of growth for the Group. The Directors are of the view that the terms of the Laoling Agreements are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

OTHER INFORMATION

Jierui is a company established under the laws of the PRC with limited liability. As at the date of this announcement, the equity interest in Jierui is owned as to 95% by an employee of the Group who is not a connected person of the Company and as to 5% by Mr. Li Xuechun, who is a controlling shareholder of the Company, a Director and the chairman of the Board. Pursuant to the Laoling Agreements, the parties acknowledged that Jierui is the party designated by the Company to engage in the transactions contemplated under the Laoling Agreements, and that Jierui and its shareholders will enter into certain legally binding agreements with the Company stipulating the relationship among themselves. The parties further agreed that Jierui shall not be entitled to any rights or benefits under the Laoling Agreements until such agreements have been entered into.

As advised by its legal advisors as to the laws of the PRC, foreign investment in the ordinary senior high school segment in the PRC falls within the restricted industries under the laws and regulations currently in force in the PRC. The Company is in the process of taking legal advice regarding the relevant agreements to be entered into with Jierui and its shareholders in this regard. Further announcement(s) in this regard will be made as and when appropriate in compliance with the Listing Rules.

Shareholders and potential investors of the Company should note that the proposed transactions as contemplated under the Laoling Agreement are subject to, among other things, the implementation of the plan set out in the Laoling Agreements and any further agreements to be entered into by the relevant parties in relation to the establishment of the Minsheng Laoling High School. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

In this announcement, the English translation of company or entity names in Chinese which are marked with “” is for identification purpose only.*

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

Hong Kong, 12 February 2018

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.