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Modern Education Group Limited

現代教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1082

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTIES

The Board is pleased to announce that on 31 July 2012, the Purchaser A and the Purchaser B entered into the Agreements for Sale and Purchase with the Vendor, pursuant to which the Purchaser A and the Purchaser B have agreed to purchase and the Vendor has agreed to sell the First Property and the Second Property at a cash consideration of HK\$17,500,000 and HK\$19,300,000 respectively.

Pursuant to Rule 14.23 of the Listing Rules, the considerations for acquiring the First Property and the Second Property will be aggregated in calculating the percentage ratios of the Acquisition. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

The Board is pleased to announce that on 31 July 2012, the Purchaser A and the Purchaser B entered into the Agreements for Sale and Purchase with the Vendor, pursuant to which the Purchaser A and the Purchaser B have agreed to purchase and the Vendor has agreed to sell the First Property and the Second Property at a cash consideration of HK\$17,500,000 and HK\$19,300,000 respectively.

AGREEMENTS FOR SALE AND PURCHASE

(1)

Date: 31 July 2012

Parties: The Purchaser A
The Vendor

Asset to be acquired:

The First Property, the asset to be acquired, is a commercial property consisting of Rooms 1001, 1002 and 1003 on 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Mong Kok, Kowloon, Hong Kong.

According to the information provided by the Vendor, the First Property was being used by the Vendor itself in provision of health check and health care related services during the last two years. After the Completion, the First Property shall be available for leasing purposes. As at the date of this announcement, the Group has not concluded or entered into a tenancy agreement with any party in respect of the First Property.

Consideration:

The consideration for acquiring the First Property payable by the Purchaser A to the Vendor is HK\$17,500,000 in cash. The Purchaser A has paid to the Vendor a deposit of HK\$5,250,000 upon entering into of the Agreements for Sale and Purchase. The balance of the consideration in the amount of HK\$12,250,000 shall be paid by the Purchaser A to the Vendor upon the Completion.

The consideration was arrived at after arm's length negotiation between the parties to the Agreements for Sale and Purchase on normal commercial terms with reference to the prevailing property market in Hong Kong and the market price of the similar properties adjacent to the First Property.

(2)

Date: 31 July 2012

Parties: The Purchaser B

The Vendor

Asset to be acquired:

The Second Property, the asset to be acquired, is a commercial property consisting of Office No.1303 on 13th Floor, Argyle Centre Phase I, No. 688 Nathan Road, No. 65 Argyle Street, Mong Kok, Kowloon, Hong Kong.

According to the information provided by the Vendor, the Second Property was being used by the Vendor itself in provision of health check and health care related services during the last two years. After the Completion, the Second Property shall be leased back, subject to the terms and conditions of the tenancy agreement, to the Vendor at a monthly rental of approximately HK\$52,000 (exclusive of management fees) for a lease term of 3 years commencing from 1 September 2012 with an option to extend to further 3 years.

Consideration:

The consideration for acquiring the Second Property payable by the Purchaser B to the Vendor is HK\$19,300,000 in cash. The Purchaser B has paid to the Vendor a deposit of HK\$5,790,000 upon entering into of the Agreements for Sale and Purchase. The balance of the consideration in the amount of HK\$13,510,000 shall be paid by the Purchaser B to the Vendor upon the Completion.

The consideration was arrived at after arm's length negotiation between the parties to the Agreements for Sale and Purchase on normal commercial terms with reference to the prevailing property market in Hong Kong and the market price of the similar properties adjacent to the Second Property.

(1) and (2)

Completion:

The Completion will take place on or before 31 August 2012.

Relationship to the Vendor:

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Financing:

The Acquisition will be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider the Acquisition as an opportunity for the Group to diversify its investment portfolio and increase the income stream of the Group. The Directors also consider that the First Property and the Second Property have potential for appreciation in the long run. On the other hand, the Directors take into account the possibility of using such properties as branch offices for the Group's sales team and/or audio visual department when necessary.

The Directors are of the view that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability and acts as an investment holding company. Its principal subsidiaries are engaged in the provision of private tutoring and education services.

INFORMATION ON THE VENDOR

The Vendor, a company incorporated in Hong Kong with limited liability, is principally engaged in the provision of diagnostic scanning services.

IMPLICATION OF THE LISTING RULES

Pursuant to Rule 14.23 of the Listing Rules, the considerations for acquiring the First Property and the Second Property will be aggregated in calculating the percentage ratios of the Acquisition. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the First Property and the Second Property pursuant to the terms and conditions of the Agreements for Sale and Purchase;
“Agreements for Sale and Purchase”	the respective agreements for the sale and purchase of the First Property and the Second Property to be entered into between the Vendor and the Purchaser A or the Purchaser B in respect of the Acquisition;
“Board”	the board of Directors;
“Company”	Modern Education Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited;

“Completion”	the completion of the purchase of the First Property and the Second Property on or before 31 August 2012 in accordance with the terms and conditions of the Agreements for Sale and Purchase and the subsequent assignment;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“First Property”	a commercial property consisting of Rooms 1001, 1002 and 1003 on 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Mong Kok, Kowloon, Hong Kong;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Purchaser A”	Utmost Vantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Purchaser B”	Dignity Choice Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Second Property”	a commercial property consisting of Office No.1303 on 13th Floor, Argyle Centre Phase I, No. 688 Nathan Road, No. 65 Argyle Street, Mong Kok, Kowloon, Hong Kong;

“Shareholders” holders of the ordinary shares of HK\$0.1 each in the capital of the Company;

“Vendor” Group Benefit Development Limited, a company incorporated in Hong Kong with limited liability.

By Order of the Board
Modern Education Group Limited
Yiu Wai Yee, Catherine
Executive Director

Hong Kong, 31 July 2012

As of the date of this announcement, the executive directors of the Company are Mr. Ng Kam Lun, Eric, Ms. Yiu Wai Yee, Catherine, Mr. Ng Norman and Mr. Lee Wai Lok, Ignatious; and the independent non-executive directors of the Company are Ms. Chan Mei Bo, Mabel, Mr. Yu Cheeric James and Mr. Choi Kin Cheong.