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**China Chuanglian Education Group Limited**  
**中國創聯教育集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2371)**

**PLACING OF NON-LISTED WARRANTS UNDER GENERAL MANDATE**

**Placing Agent**



**長江證券經紀(香港)有限公司**  
CHANGJIANG SECURITIES BROKERAGE (HK) LIMITED

**THE WARRANT PLACING AGREEMENT**

On 23 April 2015 (after trading hours), the Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 473,804,000 Warrants conferring rights to subscribe for up to 473,804,000 Warrant Shares at the Warrant Exercise Price of HK\$0.26 per Warrant Share (subject to adjustment) to not less than six (6) Warrant Placees who and their respective ultimate beneficial owners are Independent Third Parties.

The Warrants are to be placed at HK\$0.05 each. The Warrant Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Warrant Placing” in the section headed “The Warrant Placing Agreement” in this announcement. The Warrant Shares will be allotted and issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

It is expected that the gross proceeds of approximately HK\$23.7 million will be raised by the Warrant Placing. The net proceeds of up to approximately HK\$23.1 million (with an average net placing price of approximately HK\$0.049 per Warrant) will be utilised by the Group as the placing commission and other professional fees incurred in the Warrant Placing and used for general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that gross proceeds of approximately HK\$123.2 million will be raised and will be used for general working capital and for any possible business development or investment of the Group when appropriate opportunities arise.

**Shareholders and potential investors should note that completion of the Warrant Placing Agreement is subject to the fulfilment of the conditions thereunder. As the Warrant Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE WARRANT PLACING AGREEMENT**

### **Date**

23 April 2015 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

Changjiang Securities Brokerage (HK) Limited

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **Warrant Placing Commission**

The Company shall pay to the Placing Agent the Warrant Placing commission of 0.5% of the initial Warrant Exercise Price of the Warrants actually placed by the Placing Agent in pursuance of its obligations under the Warrant Placing Agreement.

The Warrant Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Warrant Placing, including the Warrant Placing commission, are fair and reasonable based on the current market conditions and the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

### **Warrant Placees**

Placing Agent agreed to place, on a best effort basis, 473,804,000 Warrants conferring rights to subscribe for 473,804,000 Warrant Shares at the Warrant Exercise Price of HK\$0.26 per Warrant Share (subject to adjustment upon the occurrence of the adjustment events) to not less than six Placees. Each of the Warrant Placees and their respective ultimate beneficial owners (if applicable) will be Independent Third Parties prior to and immediately after the completion of the Warrant Placing.

### **Number of Warrants**

Up to 473,804,000 Warrants

### **Warrant Placing Price**

The Warrant Placing Price is HK\$0.05 for each Warrant

### **Warrant Exercise Price**

The Warrant Exercise Price is HK\$0.26 for each Warrant Share, subject to adjustment based on the prescribed formulas as set out in the instrument constituting the Warrants upon the occurrence of the following adjustment events:

- i. an alteration to the nominal amount of each Share by reason of any subdivision or consolidation of Shares;
- ii. an issue of Shares credited as fully-paid by way of capitalization of profit or reserves (including any share premium account or capital redemption reserve fund) other than in lieu of a cash dividend;
- iii. a capital distribution to all Shareholders (including dividend payment) or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- iv. an offer to the Shareholders new Shares for subscription by way of rights, or grant of any options or warrants to all Shareholders to subscribe for new Shares, at a price which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant;

- v. an issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares at a price per each converted or exchanged Share which is less than 80% of the market price;
- vi. an issue for cash any Shares (other than the Shares to be issued upon exercise of the options granted or to be granted under the share option scheme(s) of the Company) at a price which is less than 80% of the market price; or
- vii. a repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company (excluding any such purchases made on the Stock Exchange, or any other recognised stock exchange) which the Directors consider that it may be appropriate to make an adjustment to the Warrant Exercise Price;

Every adjustment to the Warrant Exercise Price shall be certified either (at the opinion of the Company) by the auditors of the Company or by an approved merchant bank.

The aggregate of the Warrant Placing Price and the Warrant Exercise Price of HK\$0.31 represents:

- (i) a discount of approximately 1.6% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.0% to the average closing price of HK\$0.304 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 2.0% to the average closing price of HK\$0.304 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Warrant Exercise Price of HK\$0.26 represents:

- (i) a discount of approximately 17.5% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.5% to the average closing price of HK\$0.304 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 14.5% to the average closing price of HK\$0.304 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Warrant Placing Price and the Warrant Exercise Price are determined based on the negotiation on arm's length basis between the Company and the Placing Agent with reference to the historical Share price. The Directors consider that the Warrant Placing Price and the Warrant Exercise Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Information of the Warrants**

The Warrants will be issued to the Warrant Placees upon completion of the Warrant Placing in registered form and constituted by a deed poll. Each of the Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price and is issued at the Warrant Placing Price.

The subscription rights attaching to the Warrant may be exercised at any time during a period of 18 months commencing from the Business Date immediately after the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the existing issued Shares of the Company.

A total of 473,804,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of up to 473,804,000 Warrant Shares will be allotted and issued, representing (i) approximately 11.36% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.21% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants assuming there being no other changes in the share capital of the Company.

### **Transferability**

The Warrants are transferable in integral multiples of 1,000,000 Warrants. In the event of a transfer of the Warrants to any Connected Person of the Company, prior approval from the Company and the Stock Exchange need to be obtained.

### **Termination of the Warrant Placing Agreement**

The Placing Agent shall be entitled by notice in writing to the Company given prior to the completion date of the Warrant Placing to terminate the Warrant Placing Agreement without liability to the Company if:

- i. any material breach of any of the representations and warranties given by the Company;
- ii. any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Warrant Placing);

- iii. introduction of any new law or regulation or any change in existing laws or regulations or the interpretation or any application thereof;
- iv. occurrence of any event, development or change of a political, military, industrial, financial, economic or other nature, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions;
- v. imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- vi. any change of deterioration in local, regional, national or international market conditions which in the reasonable opinion of the Placing Agent has or may have a material adverse effect on the Warrant Placing.

In the event that the Warrant Placing Agreement is so terminated, all obligations of each of the parties under the Warrant Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Warrant Placing Agreement except for, among others, any antecedent breach of any obligation mentioned in the Warrant Placing Agreement.

### **Conditions of the Warrant Placing**

Completion of the Warrant Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 22 May 2015 (or such later date as the Placing Agent and the Company shall agree in writing):

- i. the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in, the Warrant Shares; and
- ii. no representation and warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, on or prior to the completion date.

In the event that the above conditions are not fulfilled on or before 22 May 2015 or such later date as maybe agreed between the Company and the Placing Agent in writing, the Warrant Placing Agreement and all rights and obligations hereunder will cease and terminate and neither of the parties hereto will have any claim against the other for costs, damages, compensation or otherwise except for antecedent breach of provisions of this Warrant Placing Agreement.

## **Voting rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by reason of only being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

## **General Mandate to issue the Warrant Shares**

The issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants is not subject to Shareholders' approval.

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2014 subject to the limit of 473,804,515 Shares (representing 20% of the issued share capital of the Company on that date).

Immediately before the date of the Warrant Placing Agreement, the General Mandate has not been utilised. The number of 473,804,000 Warrant Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, will utilise approximately 100% of the General Mandate.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE WARRANT PLACING**

The Group is principally engaged in providing educational consultancy, online training and education services. The Group is one of the pioneers of online education in the PRC, the online education services focus mainly on providing on-the-job training to civil servants of various government bodies in the PRC and professional technical personnel of corporate units, providing them with education and training relating to job adaptation and skill enhancement.

The Board is of the view that the Warrant Placing represents good opportunities to raise additional funds for the Company and strengthen the Group's capital base and financial position to better equip the Group with the financial flexibility for development of the business of the Group. Moreover, the Warrants are not interest-bearing and the Warrant Placing will not result in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Warrant Placing, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants.

In view of the above, the Board considers that the terms of the Warrant Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

It is expected that the gross proceeds of approximately HK\$23.7 million will be raised by the Warrant Placing. The net proceeds of up to approximately HK\$23.1 million (with an average net placing price of approximately HK\$0.049 per Warrant) will be utilised by the Group as the placing commission and other professional fees incurred in the Warrant Placing and used for general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that gross proceeds of approximately HK\$123.2 million will be raised and will be used for general working capital and for any possible business development or investment of the Group when appropriate opportunities arise.

## **EQUITY FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.



## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon exercise of the subscription rights attaching to the Warrants in full are as follows:

	As at the date of this announcement		Immediately upon exercise of the subscription rights attaching to the Warrants in full	
	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>
<b>Directors</b>				
Mr. Lu Xing ( <i>note</i> )	811,728,323	19.47	811,728,323	17.48
Mr. Liu Zhong Hua	29,000,000	0.70	29,000,000	0.62
Mr. Li Jia	7,736,000	0.19	7,736,000	0.17
Mr. Han Bing	1,900,000	0.04	1,900,000	0.04
Mr. Wu Xiaodong	<u>3,000</u>	<u>Negligible</u>	<u>3,000</u>	<u>Negligible</u>
Subtotal	850,367,323	20.40	850,367,323	18.31
<b>Public Shareholders:</b>				
The Warrant Placees	–	–	473,804,000	10.21
Other public Shareholders	<u>3,318,655,255</u>	<u>79.60</u>	<u>3,318,655,255</u>	<u>71.48</u>
Total	<u><u>4,169,022,578</u></u>	<u><u>100</u></u>	<u><u>4,642,826,578</u></u>	<u><u>100</u></u>

*Note:* Of these 811,728,323 shares, 680,000,000 shares are held by Headwind Holdings Limited and 131,728,323 shares are held by Ascher Group Limited. Headwind Holdings Limited and Ascher Group Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu Xing.

## GENERAL

**Shareholders and potential investors should note that completion of the Warrant Placing Agreement is subject to the fulfilment of the conditions thereunder. As the Warrant Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	means any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company”	China Chuanglian Education Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listing on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2014, pursuant to which a maximum of 473,804,515 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	a party which is not Connected Persons of the Company and is independent of the Company and its Connected Persons
“Last Trading Day”	23 April 2015, being the last full trading day for the Shares immediately before the issue of this announcement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placing Agent”	Changjiang Securities Brokerage (HK) Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	up to 473,804,000 non-listed warrants to be issued by the Company at the Warrant Placing Price, each entitles the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price at any time during a period of 18 months commencing from the Business Day immediately after the date of issue of the Warrants
“Warrant Exercise Price”	an initial exercise price of HK\$0.26 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)
“Warrant Placees”	any individual(s), corporate and/or institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Warrant Placing Agreement
“Warrant Placing”	the placing, on a best effort basis, of up to 473,804,000 Warrants pursuant to the terms of the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional placing agreement dated 23 April 2015 and entered into between the Company and the Placing Agent in relation to the Warrant Placing

“Warrant Placing Price”	HK\$0.05 per Warrant, being the issue price for each Warrant, payable in full on application under the Warrant Placing Agreement
“Warrant Shares”	up to initially 473,804,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“%”	per cent

By order of the Board  
**China Chuanglian Education Group Limited**  
**Lu Xing**  
*Chairman*

Hong Kong, 23 April 2015

*As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Liu Zhong Hua and Mr. Wu Xiaodong as executive Directors; Mr. Leung Siu Kee, Mr. Han Bing and Ms. Wang Shuping as independent non-executive Directors.*