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China Xinhua Education Group Limited

中國新華教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2779)

DISCLOSEABLE TRANSACTION SUCCESSFUL TENDER FOR ACQUIRING HONGSHAN COLLEGE OF NANJING UNIVERSITY OF FINANCE & ECONOMICS

The Board is pleased to announce that Xinhua Group, a consolidated affiliated entity of the Company, received the Tender Confirmation dated 2 February 2019 confirming that it is the successful tenderer in respect of the acquisition of Hongshan College.

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the initial payment to be paid under the Tender exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

The Formal Agreement is expected to be entered into with Nanjing University of Finance & Economics within 30 days upon the issue of the Tender Confirmation. We shall make further announcement in respect of the acquisition of Hongshan College and the terms of the Formal Agreement as and when appropriate.

DETAILS OF THE TENDER

On 3 January 2019, Nanjing University of Finance & Economics engaged a third party tendering platform to publish a tender that it was selecting a candidate for the purpose of changing the school sponsor to operate Hongshan College, with the eventual goal of converting Hongshan College into a standalone school owned and operated solely by the new school sponsor. As specified in the tender documents, the new school sponsor is required to provide all the operational funding for converting Hongshan College into a private ordinary college.

On 28 January 2019, Xinhua Group submitted a tender application. On 2 February 2019, Xinhua Group received the Tender Confirmation, confirming that it is the successful tenderer in respect of the acquisition of Hongshan College. It is required to pay an initial payment of RMB305,000,000 (equivalent to approximately HK\$356,675,087) under the Tender, which shall be applied towards the final consideration to be agreed, on or before 6 February 2019. As at the date of this announcement, such initial payment has been paid to Nanjing University of Finance & Economics.

The total consideration payable, the payment terms and other terms and conditions in respect of the acquisition of Hongshan College shall be further agreed between Nanjing University of Finance & Economics and Xinhua Group. The Formal Agreement is expected to be entered into with Nanjing University of Finance & Economics within 30 days upon the issue of the Tender Confirmation. We shall make further announcement in respect of the acquisition of Hongshan College and the terms of the Formal Agreement as and when appropriate.

We consider that this opportunity is in line with our acquisition strategy. Hongshan College is an undergraduate college located in the Yangtze River Delta. Its excellent location and professionalism can form a strong synergy with our existing schools. We also believe that this opportunity is consistent with our business strategy of acquiring or investing in undergraduate colleges to expand our school network and to capture market opportunities, which will further strengthen our market position in the Yangtze River Delta.

GENERAL INFORMATION

Xinhua Group is a limited liability company established under the laws of the PRC. It is the school sponsor of the two schools operated by the Group and is a consolidated affiliated entity of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of private higher education in the Yangtze River Delta.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Nanjing University of Finance & Economics is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the initial payment to be paid under the Tender exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Board”	means the board of Directors of the Company;
“Company”	means China Xinhua Education Group Limited (中國新華教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 30 August 2017;
“Directors”	means director(s) of the Company;
“Formal Agreement”	means the formal agreement expected to be entered into with Nanjing University of Finance & Economics within 30 days upon the issue of the Tender Confirmation in respect of the acquisition of Hongshan College;
“Group”	means the Company, its subsidiaries and its PRC consolidated affiliated entities;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;

“Hongshan College”	means Hongshan College (紅山學院) is an independent college of Nanjing University of Finance & Economics whose school sponsor’s interest is owned by Nanjing University of Finance & Economics;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Nanjing University of Finance & Economics”	means Nanjing University of Finance & Economics (南京財經大學);
“RMB”	means Renminbi, the lawful currency for the time being of the PRC;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Tender”	means the tender made by Nanjing University of Finance & Economics to selecting a candidate for the purpose of changing the school sponsor to operate Hongshan College, with the eventual goal of converting Hongshan College into a standalone private ordinary college;
“Tender Confirmation”	means the Tender Confirmation dated 2 February 2019 for confirmation of its successful bid to be the new school sponsor to operate Hongshan College; and
“Xinhua Group”	means Anhui Xinhua Group Investment Co., Ltd.* (安徽新華集團投資有限公司) (previously known as Anhui Xinhua Investment Co., Ltd.* (安徽新華投資有限公司)), a limited liability company established under the laws of the PRC on September 1, 1999. It is a consolidated affiliated entity of the Company.

* *The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB0.85512. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

By order of the Board
China Xinhua Education Group Limited
Wu Junbao
Chairman

Hong Kong, 3 February 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Ming, Mr. Lu Zhen and Mr. Wang Yongkai, the non-executive Director is Mr. Wu Junbao, and the independent non-executive Directors are Ms. Zhang Kejun, Mr. Yang Zhanjun and Mr. Chau Kwok Keung.