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CHINA YUHUA EDUCATION CORPORATION LIMITED
中国宇华教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6169)

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF MINORITY INTERESTS IN HUNAN LIE YING

ACQUISITION OF MINORITY INTERESTS IN HUNAN LIE YING

The Board is pleased to announce that on 25 September 2020, the Group received a notification from the Changsha court that its bid in the court-sanctioned public action process to acquire Chen Zhengxian's 7.2% minority interest in Hunan Lie Ying, a non-wholly owned subsidiary of the Company and the holding company of the Company's interests in the HIEU Schools, was successful (the "**First Acquisition**"). On the same day, the Company entered into an agreement (the "**Agreement**") with Guangdong Nanbo to acquire its 22.8% minority interest in Hunan Lie Ying (the "**Second Acquisition**" and together with the First Acquisition, the "**Acquisitions**"). Completions of the acquisitions from Chen Zhengxian and Guangdong Nanbo are not inter-conditional upon each other and are separate from each other. Upon completion of the Acquisitions, Hunan Lie Ying will become a wholly-owned subsidiary of the Company.

The total consideration for Chen Zhengxian's 7.2% minority interest in Hunan Lie Ying (among others) was approximately RMB143.2 million (equivalent to approximately HK$162.6 million), and was determined through a court-sanctioned, public auction process in which the Company (through its consolidated affiliated entity) was the winning bidder.

Pursuant to the agreement with Guangdong Nanbo, the Company has agreed to acquire its 22.8% interest in Hunan Lie Ying (among others) for a total consideration of approximately RMB578 million (equivalent to approximately HK$654 million). The consideration was the result of arm's length negotiations with Guangdong Nanbo that also took into account the track record and recent financial and operational performance of the HIEU Schools (including as disclosed in the Company's annual reports for the years ended 31 August 2018 and 2019 and interim reports for the six months ended 28 February 2019 and 29 February 2020), as well as the fact that by acquiring the minority interest of Guangdong Nanbo the Company would become the 100% shareholder of Hunan Lie Ying. As such, the total consideration paid for Chen Zhengxian's 7.2% and Guangdong Nanbo's 22.8% minority interests in Hunan Lie Ying, respectively, was approximately RMB721.2 million (equivalent to approximately HK$819.1 million).

Taking into consideration the factors outlined above, the Directors (including the independent non-executive Directors) consider that the the Acquisitions are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

The financial results of the HIEU Schools have been consolidated in Company's financial statements for the two years ended 31 August 2018 and 2019 and six months ended 28 February 2019 and 29 February 2020 and published on the website of the Stock Exchange on 28 December 2018, 31 December 2019, 30 May 2019 and 29 May 2020, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Prior to the Acquisitions, 70% of the shareholding of Hunan Lie Ying was indirectly held by the Company, and upon completion of the Acquisitions, Hunan Lie Ying will be an indirect wholly-owned subsidiary of the Company.

Hunan Lie Ying owns and operates HIEU, Hunan LY Mechanic School and HIEU Vocational Skills Training Centre in central China with approximately 33,000 students for the school year ended 2019/2020. The Company believes that it would be able to leverage the leading position of Hunan Lie Ying to enhance its competitive edge against other private education providers in the central China region; and the acquisition would significantly expand and diversify the Company's education offerings and geographical reach.

Based on the above, the Directors consider that the terms of the Agreement are on normal commercial terms and the Acquisitions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The HIEU Schools are located in Changsha, the provincial capital of Hunan Province, and were founded in 1997 and one of the first private universities approved by the Ministry of Education of the PRC. The HIEU Schools offer approximately 49 majors for bachelor's degrees and 10 majors for junior college diplomas. There are approximately 33,000 students enrolled for the school year ended 2019/2020. HIEU ranked 10th in terms of overall strength in the category of private universities of the 2019 PRC university rankings published by the China University Alumni Association.

To the best of each of the Directors' knowledge, information and belief having made all reasonable enquiries, Guangdong Nanbo is held by Hu Chunfang (胡春芳) as to 70% and Liu Dongfeng (劉東風) as to 30%, and save for their minority interests in Hunan Lie Ying, Chen Zhengxian and Guangdong Nanbo are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Guangdong Nanbo is a substantial shareholder of Hunan Lie Ying and hence, a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Second Acquisition (i.e. the acquisition from Guangdong Nanbo) is above 5% but all applicable percentage ratios are less than 25%. The Second Acquisition therefore constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements in Chapter 14A of the Listing Rules. The First Acquisition (i.e. the acquisition of the minority interest from Chen Zhengxian) is not a connected transaction and all applicable percentage ratios are less than 5%. The disclosure regarding the First Acquisition in this announcement is therefore made on a voluntary basis.

By virtue of Rule 14A.101 of the Listing Rules, since (1) Guangdong Nanbo is a connected person at the subsidiary level, (2) the Board has approved the Second Acquisition; and (3) the independent non-executive Directors have confirmed that the terms of the Second Acquisition are fair and reasonable and the Second Acquisition is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Second Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Acquisitions and the transactions contemplated thereunder and hence no Director was required to abstain from voting on the relevant resolutions of the Board approving the same.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"Board"	the board of directors of the Company
"Business Day"	any date that is not a Saturday, Sunday, legal holiday or a day on which banks are required to be closed in Hong Kong or the PRC
"BVI"	the British Virgin Islands
"Chen Zhengxian"	Chen Zhengxian (陳正仙)

"Company"	China YuHua Education Corporation Limited (中国宇华教育集团有限公司), an exempted company with limited liability incorporated in the Cayman Islands
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Directors"	the director(s) of the Company from time to time
"Group"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Guangdong Nanbo"	Guangdong Nanbo Education Investment Pte Ltd. (廣東南博教育投資有限公司), a company established under the laws of the PRC
"HIEU"	Hunan International Economics University (湖南涉外經濟學院), a private school organised under the laws of the PRC in which Hunan Lie Ying holds the entire sponsorship interests
"HIEU Schools"	HIEU, Hunan LY Mechanic School and HIEU Vocational Skills Training Centre
"HIEU Vocational Skills Training Centre"	Hunan International Economics University Vocational Skills Training Centre (湖南涉外經濟學院職業技能培訓中心), a training center providing vocational training as regulated by the human resources and social security department of the PRC in which Hunan Lie Ying holds the entire sponsorship interests
"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
"Hunan Lie Ying"	Hunan Lie Ying Industry Co., Ltd. (湖南獵鷹實業有限公司), a Sino-foreign equity joint venture organised under the laws of PRC
"Hunan LY Mechanic School"	Hunan Lie Ying Mechanic School (湖南獵鷹技工學校), a private school organised under the laws of the PRC in which Hunan Lie Ying holds the entire sponsorship interests

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC" or "China"	the People's Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary share(s) in the Company
"Shareholders"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	US dollars, the lawful currency of the United States of America
"%"	per cent

By order of the Board
China YuHua Education Corporation Limited
Li Guangyu
Chairman and Executive Director

Hong Kong, 28 September 2020

As at the date of this announcement, the Board comprises Mr. Li Guangyu, Ms. Li Hua and Ms. Qiu Hongjun as executive Directors; and Mr. Zhang Zhixue, Mr. Chen Lei and Mr. Xia Zuoquan as independent non-executive Directors.

The English names of the PRC entities and PRC governmental authorities referred to in this announcement are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK$ at the rate of HK$1.00 to RMB0.88049. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.