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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)

UPDATE ON MAJOR TRANSACTION

**GRANT OF OPTION IN RELATION TO THE ACQUISITION OF
49% OF THE ISSUED SHARE CAPITAL OF LEED INTERNATIONAL**

BACKGROUND

Reference is made to the Announcements and the Circular. This announcement is made to inform shareholders and potential shareholders of the Company of the status of the transactions contemplated under the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, between the 4th, the 5th anniversary of the date on which the Share Purchase Agreement takes effect, Minsheng Vocational shall grant to the Vendors the Option which will entitle the Vendors to sell the shares of Leed International owned by the Vendors to Minsheng Vocational. In accordance with the terms of the Share Purchase Agreement, on 3 August 2023, Minsheng Vocational executed the Option Deed in favour of the Vendors to grant the Option to the Vendors.

GRANT OF OPTION

Pursuant to the Option Deed, the Vendors shall have the right but not the obligation to require Minsheng Vocational to purchase all (but not some) the remaining 49% of the issued share capital of Leed International at the Exit Price of RMB981,500,000, which is determined in accordance with the terms of the Share Purchase Agreement.

Date

3 August 2023 (after trading hours)

Parties

- (1) Minsheng Vocational; and
- (2) the Vendors (namely, Leed Education, National Education and Hyde Education).

Based on information available to the Company, National Education, Leed Education and Hyde Education are controlled by Li Hongtao (李洪濤), Ouyang Chenyan (歐陽郴燕) and Bai Xuebiao (白雪彪), respectively. Li Hongtao, Ouyang Chenyan and Bai Xuebiao are directors of Leed International and/or certain of its subsidiaries (including companies and schools) as of the date of this announcement.

Option Period

The option period of Option shall commence from the date of the Option Deed and expire at 5:00 p.m. on 17 August 2023.

Exit Price

The Exit Price of the Option shall be determined by the formula set out in the Share Purchase Agreement. Specifically, the Exit Price is the higher of (i) RMB981,500,000; and (ii) the reference put share price (“**Reference Put Share Price**”) as determined by the following formula:

Reference Put Share Price =

85% of the average static price-to-earnings (P/E) ratio of the Company (which shall not exceed a price-to-earnings of 25 in any event) over the months of May, June and July 2023 (being the 3 months before the month in which the Option is exercised)

×

net profit after tax of Leed International for the financial year ended 31 December 2022 (being the preceding financial year of the date of exercising the Option) as audited by a big-four accounting firm and deducing (where applicable) non-recurring gains and losses (or other corresponding audited financial figures that is applicable)

×

49%

For the purpose of calculating the Reference Put Share Price, (i) the “the average static price-to-earnings (P/E) ratio over the months of May, June and July 2023” was 2.4492 (its 85% was 2.0818); and (ii) the “net profit after tax of Leed International for the financial year ended 31 December 2022 as audited by a big-four accounting firm and deducing (where applicable) non-recurring gains and

losses (or other corresponding audited financial figures that is applicable)” was RMB230,155,157. Accordingly, the Reference Put Share Price is lower than RMB981,500,000, and therefore, the Exit Price shall be the US Dollar equivalent of RMB981,500,000.

Conditions Precedent

Minsheng Vocational’s obligation of the payment of the Exit Price at the Completion will be subject to satisfaction, or waiver by Minsheng Vocational in writing at its sole discretion, of the following conditions precedent on or before the Long Stop Date:

- (a) the Put Shares being free of all liens, charges, encumbrances, proxies, voting trusts and other security interests or third-party rights of any other nature, including but not limited to any mortgages or charges; and
- (b) the resignation and/or removal of the relevant director(s) and/or legal representative(s) of Leed International and/or its subsidiary(ies) as listed below having come to effect and, if applicable, having been duly approved by or filed with the relevant competent authorities, including but not limited to education authorities, civil administration authorities and market regulation administration authorities and obtain the original written documentation in relation thereto, pursuant to applicable PRC laws and regulations:
 - (i) each of Ouyang Chenyan and Bai Xuebiao as a director of Leed International;
 - (ii) each of Ouyang Chenyan and Bai Xuebiao as a director of Leed International Education Group (China) Limited (勵德國際教育集團(中國)有限公司);
 - (iii) each of Ouyang Chenyan and Zhao Ying (趙穎) as a director of Yunnan Dianchi Education Management Co., Limited* (雲南滇池教育管理有限公司);
 - (iv) each of Ouyang Chenyan, Li Hongtao and Bai Xuebiao as a director, and Ouyang Chenyan as the legal representative of Yunann Dianjiao Asset Management Co., Limited* (雲南滇教資產管理有限公司);
 - (v) Ouyang Chenyan as a director of Yunnan Dianchi Vocational College Co., Limited* (雲南滇池職業學院有限公司);
 - (vi) each of Ouyang Chenyan and Zhao Ying as a director of Yunnan Dianchi Education and Training Co., Limited* (雲南滇池教育培訓有限公司);
 - (vii) each of Ouyang Chenyan and Bai Xuebiao as a director of Leed (China) Educational Technology Co., Limited* (勵德(中國)教育科技有限公司); and
 - (viii) Ouyang Chenyan as a director of Dianchi College of Yunan University* (雲南大學滇池學院).

If the conditions above have not been fulfilled by the Long Stop Date, the provisions of the Option Deed (other than provisions related to definitions and interpretation, variation, consent and waiver, notices, time of essence, entire agreement, language, governing law and jurisdiction and assignment) shall from such date have no effect and none of Minsheng Vocational and the Vendors shall have any liability under them (without prejudice to the rights of any of the parties in respect of antecedent breaches).

Completion

Subject to the Option having been duly exercised in accordance with the Option Deed, the Completion shall take place at 5:00 p.m. on the Completion Date.

GENERAL

As of the date of this announcement, the Group has not received any notice of exercise of the Option granted under the Option Deed. Further announcement(s) will be made in accordance with the Listing Rules if and when the Option is exercised.

The Vendors and Minsheng Vocational are still in the process of resolving the dispute disclosed in the Company's announcement dated 21 December 2021 in the manner as stipulated under the Share Purchase Agreement.

DEFINITIONS

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

“Announcements”	the announcements of the Company dated 21 August 2018, 5 October 2018 and 31 October 2018
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“Circular”	the circular of the Company dated 20 December 2018
“Company”	Minsheng Education Group Company Limited (民生教育集团有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1569)

“Completion”	completion of the transfer of the Put Shares pursuant to the exercise of the Option in accordance with the Option Deed
“Completion Date”	the second Business Day following the date of the fulfilment of all conditions precedent or waiver by Minsheng Vocational on any conditions precedent, unless otherwise agreed by the relevant parties in writing
“Director(s)”	director(s) of the Company
“Exit Price”	the total consideration payable by Minsheng Vocational for purchase of the remaining 49% of the issued share capital of Leed International on exercise of the Option
“Group”	the Company and its subsidiaries (including companies and schools)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hyde Education”	Hyde Education Holding Limited, a company incorporated in the BVI
“Leed Education”	Leed Education Holding Limited, a company incorporated in the BVI
“Leed International”	Leed International Education Group Inc. (勵德國際教育集團公司), a company with limited liability incorporated in the Cayman Islands on 15 April 2008
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	unless otherwise agreed by the Minsheng Vocational and the Vendors in writing, the date that is the 30th calendar day after the date on which the Put Notice is duly delivered by the Vendors, or if such date is not a Business Day, the first Business Day after such date
“Minsheng Vocational”	Minsheng Vocational Education Company Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“National Education”	National Education Holding Limited, a company incorporated in the BVI

“Option”	the option granted by Minsheng Vocational to the Vendors pursuant to the Option Deed, pursuant to which the Vendors shall have the right to require Minsheng Vocational to purchase the remaining 49% of the issued share capital of Leed International
“Option Deed”	the deed of grant of option dated 3 August 2023 executed by Minsheng Vocational in favour of the Vendors
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Put Shares”	collectively, the 21,988,750 shares in Leed International registered under the names of the Vendors
“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement”	the share purchase agreement dated 20 August 2018 entered into between the Vendors and Minsheng Vocational in relation to the acquisition of 51% of the issued share capital of Leed International by Minsheng Vocational from the Vendors
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Leed Education, National Education and Hyde Education
“%”	per cent.

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

Hong Kong, 3 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Li Xuechun, Ms. Zhang Weiping, Mr. Zuo Yichen and Mr. Lam Ngai Lung, the non-executive directors of the Company are Mr. Shen Jinzhou and Ms. Li Yanping, and the independent non-executive directors of the Company are Mr. Chan Ngai Sang, Kenny, Mr. Yu Huangcheng and Mr. Wang Wei Hung, Andrew.

* *For identification purposes only*