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China New Higher Education Group Limited

中國新高教集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2001)

CONNECTED TRANSACTION

EQUITY TRANSFER AGREEMENT

EQUITY TRANSFER AGREEMENT

The Board announces that on 18 October 2017 (after trading hours), Yun Ai Group, an indirect wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Mr. Jiang, pursuant to which Yun Ai Group agreed to acquire 10.8% equity interest in Enchang Company from Mr. Jiang at a consideration of RMB71,000,000. Upon completion of such equity transfer, Enchang Company will become an indirect wholly owned subsidiary of the Company.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Jiang holds 10.8% equity interest in Enchang Company and is a director of Enchang Company, an indirect non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Acquisition under the Equity Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition under the Equity Transfer Agreement are less than 5% and the consideration for the Acquisition exceeds HK\$3,000,000, the Acquisition under the Equity Transfer Agreement will be subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

EQUITY TRANSFER AGREEMENT

Date:	18 October 2017 (after trading hours)
Parties:	(i) Yun Ai Group, as the transferee; and (ii) Mr. Jiang, as the transferor
Subject:	<p>Pursuant to the Equity Transfer Agreement, Yun Ai Group agreed to acquire 10.8% equity interest in Enchang Company from Mr. Jiang at a consideration of RMB71,000,000.</p> <p>As at the date of this announcement, Enchang Company is held by Yun Ai Group as to 89.2% and Mr. Jiang as to 10.8%. Upon the completion of the Equity Transfer Agreement, Enchang Company will become an indirect wholly owned subsidiary of the Company and its results will continue to be consolidated into those of the Group. Mr. Jiang will accordingly cease to be a director of Enchang Company and the Central China School upon completion, respectively.</p>
Payment terms:	<p>Pursuant to the Equity Transfer Agreement, Yun Ai Group shall pay:</p> <ol style="list-style-type: none">(1) RMB30,000,000 upon signing of the Equity Transfer Agreement; and(2) the remaining consideration with three business days after the Equity Transfer Agreement is duly registered with the local administration of industry and commerce.
Basis of the consideration:	<p>RMB71,000,000 was reached based on arm's length negotiation, with reference to (1) 10.8% of the registered capital of Enchang Company, being RMB54,000,000, as originally subscribed for by Mr. Jiang and (2) the profit in proportion to Mr. Jiang's shareholding in Enchang Company, which should have been derived from Enchang Company and the Central China School since Mr. Jiang became a shareholder of Enchang Company and (3) Mr. Jiang's previous contribution to Enchang Company in his capacity as a director of Enchang Company and the Central China School, respectively.</p>
Source of funding:	<p>The investment to be contributed by Yun Ai Group under the Equity Transfer Agreement will be funded by the Group's internal financial resources.</p>

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Directors are of the view that the Equity Transfer Agreement facilitates the Group's control over Enchang Company, one of the schools sponsors of the Group. In addition, the Acquisition under the Equity Transfer Agreement entitles the Group to receive all the economic benefits derived from (1) Enchang Company, as a future school sponsor of the Central China School, and (2) the Central China School upon final approval of and registration with the education authorities, through the Structured Contracts.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement has been entered into on normal commercial terms, and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Equity Transfer Agreement or is required to abstain from voting on the Board resolution for considering and approving the same.

LISTING RULES IMPLICATION

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As the applicable percentage ratios in respect of the Acquisition under the Equity Transfer Agreement are less than 5% and the consideration for the Acquisition exceeds HK\$3,000,000, the Acquisition under the Equity Transfer Agreement will be subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

INFORMATION OF ENCHANG COMPANY

Enchang Company is a limited liability company established under the laws of the PRC on 13 November 2014 with the registered capital of RMB500,000,000. It is owned as to 89.2% by Yun Ai Group and 10.8% by Mr. Jiang as at the date of this announcement. Enchang Company will be a joint school sponsor of Central China School pending final approval by and registration with the relevant education authorities.

For the year ended 31 December 2015 and 31 December 2016, the unaudited net profit/loss attributable to 10.8% equity interest in Enchang Company were as follows:

For the year ended 31 December 2015:

Unaudited net loss (before tax):	RMB6,000
Unaudited net loss (after tax):	RMB6,000

For the year ended 31 December 2016:

Unaudited net profit (before tax):	RMB1,877,000
Unaudited net profit (after tax):	RMB1,408,000

As at 30 June 2017, the unaudited total assets of Enchang Company was RMB559,642,000.

INFORMATION OF MR. JIANG

Mr. Jiang is one of shareholders of Enchang Company and he holds 10.8% equity interest of Enchang Company as at the date of this announcement. Mr. Jiang is currently a director of Enchang Company and a director of the Central China School. Save as disclosed, Mr. Jiang has no other relationship with the Group and its Directors.

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in private formal higher education. Yun Ai Group is a wholly owned subsidiary of the Company. It currently has no substantial business and acts as the school sponsor of Yunnan School and Guizhou School.

DEFINITIONS

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

“Acquisition”	the acquisition of 10.8% equity interest in Enchang Company by Yun Ai Group from Mr. Jiang pursuant to the Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Central China School”	Science and Technology College of Hubei Minzu University* (湖北民族學院科技學院), an institution of higher education established under the laws of the PRC in 2003. The results attributable to students admitted after the completion of the new campus of Central China School will be included in the results of operation of the Group
“Company”	China New Higher Education Group Limited (中國新高教集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 July 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Enchang Company”	Enshi Autonomous Prefecture Changqing Education Development Co., Ltd.* (恩施自治州常青教育發展有限責任公司), a limited liability company established under the laws of the PRC on 13 November 2014. It is owned as to 89.2% by Yun Ai Group and 10.8% by Mr. Jiang as at the date of this announcement. Enchang Company will be a joint school sponsor of Central China School pending final approval of the MOE and registration with the provincial civil affairs authorities
“Equity Transfer Agreement”	an equity transfer agreement dated 17 October 2017 entered into between Yun Ai Group and Mr. Jiang in respect of the acquisition of 10.8% equity interest in Enchang Company by Yun Ai Group from Mr. Jiang
“Group”	the Company, its subsidiaries and the consolidated affiliated entities from time to time
“Guizhou School”	Guizhou Technology and Business Institute* (貴州工商職業學院), a private institution of formal higher education established under the laws of the PRC on 3 July 2012, of which the school sponsor’s interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“MOE”	the Ministry of Education of the PRC
“Mr. Jiang”	Mr. Jiang Mingxue (蔣明學), one of the shareholders of Enchang Company
“Share(s)”	ordinary share(s) of US\$0.0001 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
“Structured Contracts”	has the meaning as defined in the prospectus of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

- “Yun Ai Group” Yunnan Einsun Education Investment Group Co., Ltd.* (雲南愛因森教育投資集團有限公司) (formerly known as “Yunnan Einsun Investment Co., Ltd.* (雲南愛因森投資有限公司)” and “Yunnan Einsun Investment Group Co., Ltd.* (雲南愛因森投資集團有限公司)”), a limited liability company established under the laws of the PRC on 19 September 2005, which is owned as to 29.8806% by Mr. Li, 20.0568% by Pai Dui Pai, 5.7305% by Ba Mu Pu, 22.8102% by Daai Partnership, 1.2956% by Huihuang Investment, 1.32% by Chengxin Investment, 15.5265% by Shanghai Taifu and 3.3822% by Zhongyi Company. It is the school sponsor of the Yunnan School and the Guizhou School
- “Yunnan School” Yunnan Technology and Business University* (雲南工商學院), a private institution of formal higher education established under the laws of the PRC on 29 September 2005, of which the school sponsor’s interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company

By order of the board of
China New Higher Education Group Limited
Li Xiaoxuan
Chairman

Hong Kong, 18 October 2017

As at the date of this announcement, the executive Directors are Mr. Li Xiaoxuan, Mr. Zhao Shuai, Mr. Zhang Ke and Mr. Zhu Lidong, the non-executive Director is Mr. Chen Shuo, and the independent non-executive Directors are Mr. Wong Man Chung Francis, Mr. Chung Yue Ping Stephen and Mr. Kwong Wai Sun Wilson.