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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF HENAN SCHOOL

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The Board is pleased to announce that on 8 January 2018, Beijing Daai Consulting, an indirect wholly owned subsidiary of Yun Ai Group, a consolidated affiliated entity of the Company, entered into the Cooperation Agreement with Mr. Rong, Ms. Kong and Henan Rongyu, pursuant to which Beijing Daai Consulting agreed to acquire 55% school sponsor interest of Henan School.

Henan School is a private higher education institution providing junior college education in Luoyang, He'nan Province. Since its establishment, it has obtained a strong support from the local government in school operation. He'nan Province has been one of the top provinces in the PRC in terms of number of students participating in the national higher education entrance examination, which potentially enables the Group to increase the number of enrolled students and capture more market share.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition under the Cooperation Agreement are more than 5% and less than 25%, the Acquisition under the Cooperation Agreement constitutes a discloseable transaction and will be subject to the reporting and announcement requirements of Chapter 14 of the Listing Rules.

As the Acquisition is subject to regulatory approvals from the relevant authorities in the PRC, which may or may not be obtained, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ACQUISITION OF HENAN SCHOOL

Set forth below are the principle terms of the Cooperation Agreement.

Date: 8 January 2018

Parties: (i) Mr. Rong and Ms. Kong;
(ii) Beijing Daai Consulting; and
(iii) Henan Rongyu

Subject: Pursuant to the Cooperation Agreement,

- (1) Mr. Rong agreed to transfer all his school sponsor interest in Henan School to Henan Rongyu, which is in turn owned by Mr. Rong and Ms. Kong;
- (2) Beijing Daai Consulting agreed to pay RMB101,500,000 to Mr. Rong and Ms. Kong for acquiring 55% equity interest of Henan Rongyu;
- (3) After the closing of the Acquisition, Beijing Daai Consulting shall contribute RMB223,000,000 to Henan Rongyu for the preliminary construction costs for phase two construction of Henan School;
- (4) After the commencement of phase two construction of Henan School, Beijing Daai Consulting shall further contribute RMB71,000,000 to Henan School for its further construction and further development.

Basis of the consideration: The consideration was arrived at arm length's negotiation after considering net assets value of Henan School as at 30 June 2017, location of school, type of school, number of students, branding of Henan School, observation by the Group regarding the recent market value of schools of similar size that acquired and the value to be generated by the Group through running and managing Henan School.

Payment terms: Pursuant to the Cooperation Agreement, subject to the business and financial related information of Henan School disclosed to the Group remaining true and accurate in all material aspects,

- (1) within three business days after the signing of the Cooperation Agreement, Mr. Rong and Ms. Kong shall submit the filings to transfer the school sponsor of Henan School from Mr. Rong to Henan Rongyu and proceed to obtain all housing ownership certificates for the existing buildings and the constructions of Henan School;
- (2) within ten business days after the signing of the Cooperation Agreement, the parties shall enter into the equity transfer agreement in terms of transfer of 55% equity interest of Henan Rongyu from Mr. Rong and Ms. Kong to Beijing Daai Consulting to implement the Cooperation Agreement. At the same time, Beijing Daai Consulting shall pay RMB63,000,000 to Mr. Rong and Ms. Kong as the first instalment for the equity transfer;
- (3) within fifteen business days after Henan Rongyu being registered as the sole school sponsor of Henan School, Beijing Daai Consulting shall wire RMB190,000,000 to a bank account jointly controlled by the parties and such amount shall be released as scheduled below:
 - A. RMB38,500,000 shall be released to Mr. Rong and Ms. Kong within 15 days after they have completed the registration of the change of the 55% equity interest of Henan Rongyu;
 - B. RMB151,500,000 shall be released to Henan Rongyu, as part of Beijing Daai Consulting's investment in the Henan School after closing of the Acquisition and within fifteen business days after the change of the board members, the principal of Henan School, and the legal representative of Henan Rongyu to the persons designated by the Group, and the certificates, licenses, permits, chops and seals of Henan School and Henan Rongyu becoming controlled by the Group;
- (4) After closing of the Acquisition, Beijing Daai Consulting shall further contribute RMB71,500,000 to Henan Rongyu as the preliminary construction costs of phase two construction of Henan School; and
- (5) After the commencement of the phase two construction of Henan School, Beijing Daai Consulting shall further contribute RMB71,000,000 to Henan School for its further construction and further development.

Management: Upon closing of the Acquisition, five out of nine seats of the board and the principal of Henan School shall be designated by the Group, and the remaining seats shall be designated by Mr. Rong and Ms. Kong. Three out of five seats of the board of Henan Rongyu shall be designated by the Group and the remaining shall be designated by Mr. Rong and Ms. Kong.

Source of funding: The investment to be contributed by Beijing Daai Consulting under the Cooperation Agreement will be funded by the Group's internal financial resources and loan(s) with third party banks.

INFORMATION OF HENAN SCHOOL

Henan School was established with the capital of RMB10,000,000 in 2013 and commenced to recruit students in the same year. Henan School is located at Gushuixiluo New Industrial Cluster Area in Luoyang, He'nan Province. Currently, Henan School has 9 secondary institutions and 21 higher-level vocational majors, focusing on electronic commerce, software technology, Internet of things application technology, etc.. As at the date of this announcement, the school sponsor interest of Henan School is wholly owned by Mr. Rong and its capital was contributed by Mr. Rong as to 60% and Ms. Kong as to 40%.

For the year ended 31 December 2015 and 31 December 2016, the net profit attributable to Henan School were as follows:

For the year ended 31 December 2015:

Unaudited net profit (before tax): RMB11,944,000

Unaudited net profit (after tax): RMB11,944,000

For the year ended 31 December 2016:

Unaudited net profit (before tax): RMB16,821,000

Unaudited net profit (after tax): RMB16,821,000

* *The net profit for the year ended 31 December 2017 is not available yet as the date of this announcement.*

Number of students for academic year of 2016/2017: 13,289

Number of students for academic year of 2017/2018: 18,243

* *An academic year is generally from September 1 of each calendar year to August 31 of the following calendar year.*

As of 30 June 2017, the total assets value and the net assets value of Henan School was approximately RMB301,208,000 (unaudited) and RMB74,816,000 (unaudited), respectively.

STRUCTURE OF HENAN SCHOOL UPON CLOSING OF ACQUISITION

Upon closing of the Acquisition, the sponsor interest of Henan School will be wholly owned by Henan Rongyu and Henan Rongyu will become held as to 55% by Beijing Daai Consulting, as to 45% by Mr. Rong and Ms. Kong. Among others, Henan Rongyu and Henan School will enter into the structured contracts with Huihuang Company, the terms and conditions of which shall be the same as the existing Structured Contracts in all material aspects, after which each of Henan Rongyu and Henan School will be treated as a consolidated affiliated entity of the Company and Henan School's results of operations will be consolidated into the Group's results of operations. The Company will publish further announcement(s) according to the Listing Rules and HKEx-GL77-14 upon closing of the Acquisition.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Directors believe that the Acquisition marks the Group's continuous efforts to expand its school network and increase the market penetration.

Henan School is engaged in private higher education with stable student enrollment. It is located in Luoyang, He'nan Province where the gross students enrollment rate for the year of 2016 is only approximately 38.8% according to the information on the official website of the Education Department of Henan Province* (河南省教育廳). Since its establishment, it has obtained a strong support from the local government in school operation. In addition, He'nan Province has been one of the top provinces in the PRC in terms of number of students participating in the national higher education entrance examination, which potentially enables the Group to increase the number of enrolled students and capture more market share.

The Directors (including the independent non-executive Directors) consider that the Cooperation 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 Cooperation Agreement or is required to abstain from voting on the Board resolution for considering and approving the same.

INFORMATION OF MR. RONG, MS. KONG AND HENAN RONGYU

As at the date of this announcement, the school sponsor interest of Henan School is wholly owned by Mr. Rong. The capital of Henan School is RMB10,000,000, as to 60% contributed by Mr. Rong and 40% contributed by Ms. Kong.

Henan Rongyu is an investment holding company established in 2017 and it is held as to 60% by Mr. Rong and 40% by Ms. Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Rong, Ms. Kong and Henan Rongyu is a third party independent of the Company and its connected persons.

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in private formal higher education. Beijing Daai Consulting is an investment holding company and it is a wholly owned subsidiary of Yun Ai Group, a consolidated affiliated entity of the Company.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition under the Cooperation Agreement are more than 5% and less than 25%, the Acquisition under the Cooperation Agreement constitutes a discloseable transaction and will be subject to the reporting and announcement requirements of Chapter 14 of the Listing Rules.

As the Acquisition is subject to regulatory approvals from the relevant authorities in the PRC, which may or may not be obtained, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

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| “Acquisition” | the acquisition of 55% school sponsorship of Henan School as contemplated under the Cooperation Agreement |
| “Beijing Daai Consulting” | Beijing Daai Consulting Education Consulting Co., Ltd.* (北京大愛教育諮詢有限公司), a limited liability company established in the PRC on 26 July 2017. It is wholly owned by Yun Ai Group |
| “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 |
| “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 |
| “Cooperation Agreement” | the cooperation agreement dated 8 January 2018 entered into among Mr. Rong, Ms. Kong, Beijing Daai Consulting and Henan Rongyu in relation to the acquisition of Henan School |
| “Director(s)” | the directors of the Company |
| “Henan Rongyu” | Henann Rongyu Education Consulting Co., Ltd.* (河南榮豫教育諮詢有限公司), a limited liability company established in the PRC on 2 March 2017 |

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| “Henan School” | Luoyang Science and Technology Vocational College* (洛陽科技職業學院), a private institution of formal higher education established under the laws of the PRC in June 2013 |
| “Huihuang Company” | Tibet Daai Huihuang Information and Technology Co., Ltd.* (西藏大愛輝煌信息科技有限公司), a limited liability company established on 5 August 2016 under the laws of the PRC and a wholly owned subsidiary of the Group |
| “Group” | the Company, its subsidiaries and the consolidated affiliated entities from time to time |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| “Mr. Rong” | Mr. Rong Hua (榮華), the current school sponsor of Henan School and who contributed the capital of Henan School as to 60% as at the date of this announcement |
| “Ms. Kong” | Ms. Kong Ailan (孔愛蘭), who contributed the capital of Henan School as to 40% as at the date of this announcement |
| “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 dated 5 April 2017 |
| “subsidiary(ies)” | 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), 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 |

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

Hong Kong, 8 January 2018

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. Hu Jianbo and Mr. Kwong Wai Sun Wilson.

** For identification purposes only*