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## **Wisdom Education International Holdings Company Limited**

### **睿見教育國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6068)**

#### **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF 70% INTEREST IN JIEYANG SCHOOL AND THE ASSETS CURRENTLY OCCUPIED BY JIEYANG SCHOOL**

#### **JIEYANG SCHOOL ACQUISITION AGREEMENT**

On 19 June 2017, Dongguan Huasheng, a consolidated affiliated entity of the Company, entered into the Jieyang School Acquisition Agreement with Seller A, pursuant to which Dongguan Huasheng agreed to acquire and Seller A agreed to sell 70% of the school sponsor's interest in Jieyang School at the consideration of RMB91 million. Jieyang School is a private school located in Jieyang city, Guangdong province providing primary, middle and high school education. Currently, it has approximately 3,200 students and targets to have a student enrolment of approximately 4,500 for the 2017/2018 school year. On the same day, Dongguan Huasheng also entered into the Asset Acquisition Agreement with the Sellers pursuant to which Dongguan Huasheng agreed to acquire and the Sellers agreed to sell 70% interest in the Assets at the consideration of RMB133 million. The Assets include the land, the buildings and facilities thereon currently occupied by Jieyang School.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Acquisition Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

On 19 June 2017, Dongguan Huasheng, a consolidated affiliated entity of the Company, entered into the Jieyang School Acquisition Agreement with Seller A, pursuant to which Dongguan Huasheng agreed to acquire and Seller A agreed to sell 70% of the school sponsor's interest in Jieyang School. On the same day, Dongguan Huasheng also entered into the Asset

Acquisition Agreement with the Sellers pursuant to which Dongguan Huasheng agreed to acquire and the Sellers agreed to sell 70% interest in the Assets. The principal terms of the Jieyang School Acquisition Agreement and Asset Acquisition Agreement are as follows:

## **JIEYANG SCHOOL ACQUISITION AGREEMENT**

### **Date**

19 June 2017

### **Parties**

**Purchaser:** Dongguan Huasheng, a limited liability company established in the PRC principally engaged in educational investment and owned as to 92.86% by Guangdong Guangzheng, a consolidated affiliated entity of the Company

**Seller:** Seller A, a PRC individual holding the entire school sponsor's interest in Jieyang School as at the date of this announcement

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Seller A is a third party independent of the Company and its connected persons.

### **Assets being acquired**

The asset being acquired under the Jieyang School Acquisition Agreement is 70% of the school sponsor's interest in Jieyang School.

The parties to the Jieyang School Acquisition Agreement agreed to establish a project company, which is proposed to be owned as to 70% by Dongguan Huasheng and as to 30% by Seller A. The project company will acquire the entire equity interest in Jieyang School from Seller A. Pursuant to the Jieyang School Acquisition Agreement, with effect from the commencement date of 2017/2018 school year (i.e. 1 September 2017), Jieyang School will be indirectly owned by Dongguan Huasheng and Seller A as to 70% and 30%, respectively.

### **Consideration**

The total consideration for the Jieyang School Acquisition is RMB91 million, which is payable to Seller A in cash in the following manner:

1. an amount of RMB20 million is payable within 10 business days after the date of the Jieyang School Acquisition Agreement;
2. an amount of RMB36 million is payable within 10 business days after the registration procedures for the private school operating licence and the registration certificate for private non-enterprise entities having been completed for the change of school sponsor of Jieyang School; and
3. an amount of RMB35 million is payable within 10 business days after the remaining registration procedures for the change of school sponsor of Jieyang School having been completed.

The consideration for the Jieyang School Acquisition is determined after arm's length negotiation between the parties with reference to, among other things, the future business prospects, development potential and net asset value of Jieyang School. It is expected that the consideration shall be financed by the net proceeds from the global offering of the Company's shares in January 2017.

## **ASSET ACQUISITION AGREEMENT**

### **Date**

19 June 2017

### **Parties**

Purchaser: Dongguan Huasheng

Sellers: Seller A and Seller B, PRC individuals holding the entire interest in the Assets (through Jiedong School) as at the date of this announcement

Dongguan Huasheng is owned as to 92.86% by Guangdong Guangzheng, a consolidated affiliated entity of the Company, and as to 7.14% by Seller B. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save as disclosed above, each of the Sellers is a third party independent of the Company and its connected persons.

### **Assets being acquired**

The assets being acquired under the Asset Acquisition Agreement are 70% interest in the Assets, which comprise a land parcel of Jiedong School with an area of approximately 190 mu (畝) (equivalent to approximately 127,000 square metres), all the buildings and facilities thereon and any property or asset attributable to the school sponsor's interest in Jiedong School. The land, together with the buildings and facilities thereon, is currently occupied by Jieyang School. Jiedong School has ceased to operate as at the date of this announcement.

The parties to the Asset Acquisition Agreement agreed to establish a project company, which is proposed to be owned as to 70% by Dongguan Huasheng and as to 30% by Seller A. Such project company is proposed to be the same project company to be established pursuant to the Jieyang School Acquisition Agreement. The project company will acquire the entire interest in the Assets from the Sellers. Pursuant to the Asset Acquisition Agreement, the land parcel of Jiedong School and the buildings and facilities thereon will continue to be utilised by Jieyang School.

### **Consideration**

The total consideration for the Asset Acquisition is RMB133 million, which is payable to the Sellers in cash in the following manner:

1. an amount of RMB10 million is payable within 10 business days after the date of the Asset Acquisition Agreement; and
2. an amount of RMB123 million is payable within 10 business days after the relevant government authorities having approved the transfer of the Assets to the relevant project company in accordance with the Asset Acquisition Agreement.

The consideration for the Asset Acquisition is determined after arm's length negotiation between the parties with reference to, among other things, the value of the Assets (as appraised by a PRC valuer) of RMB200.3 million as at 31 May 2017. It is expected that the consideration shall be financed by the internal resources of the Group.

Following completion of the Acquisitions, the financial statements of the project company and Jieyang School will be consolidated in the financial statements of the Group with effect from the commencement date of the 2017/2018 school year (i.e. 1 September 2017).

Due to the regulatory restrictions on foreign ownership of schools in the PRC, the Company conducts its business in the PRC by controlling its consolidated affiliated entities in the PRC through a series of contractual arrangements. Among the contractual arrangements, an exclusive management consultancy and business cooperation agreement was entered into among a wholly-owned subsidiary of the Company, Guangdong Guangzheng and other consolidated affiliated entities of the Company. Pursuant to such agreement, Guangdong Guangzheng has undertaken to procure any subsidiary entity to be established after the date of such agreement and controlled by Guangdong Guangzheng that it will assume rights and obligations as a subsidiary entity of Guangdong Guangzheng under the agreement. Accordingly, Guangdong Guangzheng will procure Jieyang School to assume the rights and obligations as a subsidiary entity of Guangdong Guangzheng under the agreement.

## INFORMATION OF JIEYANG SCHOOL

Jieyang School is a private school located in Jieyang city, Guangdong province providing primary, middle and high school education. Currently, it has approximately 3,200 students and targets to have a student enrolment of approximately 4,500 for the 2017/2018 school year.

Based on the financial information provided by Seller A, set out below is a summary of the net profit before and after tax and extraordinary items of Jieyang School for the year ended 31 December 2015 ("FY2015") and 31 December 2016 ("FY2016"):

	FY2015	FY2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net profit before taxation and extraordinary items	6,932	7,125
Net profit after taxation and extraordinary items	6,932	7,125

Based on the financial information provided by Seller A, the unaudited net asset value of Jieyang School as at 31 December 2016 was RMB64.5 million.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENTS

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of premium primary and secondary education in the PRC.

As at the date of this announcement, Guangdong Guangzheng has entered into a framework cooperation agreement with the People's Government of Jiedong (揭東區人民政府) ("**Jiedong Government**"), pursuant to which the Jiedong Government agreed to provide support to the Group in (i) the operation of Jieyang School; and (ii) the coordination of the asset transfers

under the Asset Acquisition. Jieyang School targets to expand its student capacity to 18,000 in the future and the Jiedong Government also agreed to provide support to the Group in the provision of land for such expansion. Considering that (i) Jieyang School is a well-established school providing primary, middle and high school education, with a sizeable operation in Jieyang city; and (ii) for the 2017/2018 school year, Jieyang School targets to have a student enrolment of approximately 4,500 and increase its tuition fees by not less than 15% for newly admitted students, the Company is of the view that the Jieyang School Acquisition allows the Group to further expand its school network in Guangdong province, a major market of the Group's operation, and to enhance the Group's revenue base. Further, taking into account that Jieyang School has been occupying the land and buildings of Jiedong School for its operation, the Company considers that the Asset Acquisition provides stability for the operation of Jieyang School in the long run. The Company considers that the terms of the Acquisition Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, in aggregate, exceeds 5% but none of such percentage ratios is 25% or above, the transactions contemplated under the Acquisition Agreements constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition Agreements”	the Asset Acquisition Agreement and the Jieyang School Acquisition Agreement
“Acquisitions”	the Asset Acquisition and the Jieyang School Acquisition
“Asset Acquisition”	the acquisition of 70% interest in the Assets by Dongguan Huasheng in accordance with the Asset Acquisition Agreement
“Asset Acquisition Agreement”	the asset acquisition agreement dated 19 June 2017 entered into between Dongguan Huasheng (as purchaser) and the Sellers (as sellers) in relation to the acquisition of 70% interest in the Assets
“Assets”	a land parcel of Jiedong School with an area of approximately 190 mu (畝) (equivalent to approximately 127,000 square metres), all the buildings and facilities thereon and any property or asset attributable to the school sponsor's interest in Jiedong School
“Board”	the board of Directors
“Company”	Wisdom Education International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongguan Huasheng”	Dongguan Huasheng Education Investment Company Limited* (東莞市華生教育投資有限公司), a limited liability company established in the PRC and owned as to 92.86% by Guangdong Guangzheng, a consolidated affiliated entity of the Company
“Group”	the Company and its subsidiaries
“Guangdong Guangzheng”	Guangdong Guangzheng Educational Group Co., Ltd.* (廣東光正教育集團有限公司), a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiedong School”	Jiedong Caihua School (揭東才華學校), a private school established in the PRC
“Jieyang School”	Huanan Shida Yuedong Preparatory School* (華南師大粵東實驗學校), a private school established in the PRC
“Jieyang School Acquisition”	the acquisition of 70% school sponsor’s interest in Jieyang School by Dongguan Huasheng in accordance with the Jieyang School Acquisition Agreement
“Jieyang School Acquisition Agreement”	the acquisition agreement dated 19 June 2017 entered into between Dongguan Huasheng (as purchaser) and Seller A (as seller) in relation to the acquisition of 70% school sponsor’s interest in Jieyang School
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	Mr Xu Chuangbo (徐創波), a PRC individual
“Seller B”	Ms Xia Xiaowei (夏小蔚), a PRC individual
“Sellers”	Seller A and Seller B
“Shareholder(s)”	the shareholder(s) of the Company



“Stock Exchange”      The Stock Exchange of Hong Kong Limited

“%”      per cent.

\* *For identification purpose only*

By Order of the Board of  
**Wisdom Education International Holdings Company Limited**  
**Liu Xuebin**  
*Chairman*

Dongguan, China, 19 June 2017

*As of the date of this announcement, the executive directors of the Company are Mr. Liu Xuebin, Ms. Li Suwen, Mr. Li Jiuchang and Mr. Ng Cheuk Him; and the independent non-executive directors of the Company are Mr. Sun Kai Lit Cliff, Mr. Tam King Ching Kenny and Mr. Yau Sze Ka.*