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CHINA E-LEARNING GROUP LIMITED

中國網絡教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08055)

DISPOSAL OF SUBSIDIARIES AND TRANSFER OF OWNERSHIP OF ONLINE TICKETING SYSTEM

THE DISPOSAL

On 31 October 2013 (after trading hours), the Company entered into the Agreement with the Purchaser pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares at the Disposal Consideration to be determined. The Disposal Consideration shall be determined based on the fair market value of the Subsidiaries to be assessed by an independent professional valuer jointly appointed by both parties.

THE TRANSFER

Under the Agreement, the Company also agreed to transfer its rights and ownership of the Online Ticketing System and its rights and obligations under the Software Development Contract to the Purchaser at the Transfer Consideration to be determined. The Transfer Consideration shall be determined based on the fair market value of the Online Ticketing System to be assessed by an independent professional valuer jointly appointed by both parties.

The Company would like to make this voluntary announcement to update its Shareholders and investors of the recent development of the Group.

THE DISPOSAL

On 31 October 2013 (after trading hours), the Company entered into the Agreement with the Purchaser pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares at the Disposal Consideration to be determined. The Disposal Consideration shall be determined based on the fair market value of the Subsidiaries to be assessed by an independent professional valuer jointly appointed by both parties. The principal terms of the Agreement are set out below.

Date: 31 October 2013

Parties: (i) the Company (as vendor); and
(ii) the Purchaser (as purchaser)

The Purchaser is principally engaged in investment business. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are the Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Subsidiaries, namely Everjoy International and Everjoy Technology.

Disposal Consideration

The Disposal Consideration payable by the Purchaser for the Disposal is to be determined. The Disposal Consideration shall be determined based on the fair market value of the Subsidiaries to be assessed by an independent professional valuer jointly appointed by the parties. The Company will make further announcement(s) in this regard as and when appropriate.

The Disposal Consideration for the Disposal will be payable in cash by the Purchaser to the Company or the third party's bank account as designated by the Company within five business days after satisfaction of the Conditions Precedent as set out below.

Conditions Precedent

The Disposal Consideration shall be paid, and the Sale Shares shall be transferred, within 5 business days after the satisfaction of the following Conditions Precedent:

1. the valuation reports on the Subsidiaries have been issued by an independent professional valuer jointly appointed by the parties;
2. the Stock Exchange has approved the circular of the Company to be issued to the Shareholders (if required); and
3. the Shareholders have approved the transactions contemplated under the Agreement in general meeting (if required).

Completion

The Completion shall take place on the day of the Purchaser's full payment of the Disposal Consideration to the Company. Immediately after the Completion, both Everjoy International and Everjoy Technology will cease to be the subsidiaries of the Company. All the outstanding loans and borrowings owing by the Subsidiaries to the Company shall continue to be valid after the Completion.

THE TRANSFER

Under the Agreement, the Company also agreed to transfer its rights and ownership of the Online Ticketing System and its rights and obligations under the Software Development Contract to the Purchaser at the Transfer Consideration to be determined. The Transfer Consideration shall be determined based on the fair market value of the Online Ticketing System to be assessed by an independent professional valuer jointly appointed by both parties. The Company will make further announcement(s) in this regard as and when appropriate.

The Transfer is also subject to the same Conditions Precedent as set out above. The Transfer Consideration for the Transfer will be payable in cash by the Purchaser to the Company or the third party's bank account as designated by the Company within five business days after satisfaction of the Conditions Precedent.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE TRANSFER

The Group is principally engaged in the provision of an internet platform for the facilitation of education program in Chinese medicine and other advisory and training programs.

Everjoy International is a company incorporated in the BVI on 24 February 2003 and is wholly and beneficially owned by the Company. Its principal business is the distribution of event tickets to its sub-distributors. It has a distribution network, connections and knowledge of entertainment industry. The tickets sold so far are only related to football matches, concerts and cultural performances.

Everjoy Technology is a company incorporated in the BVI on 3 November 2009 and is wholly and beneficially owned by the Company. It is principally engaged in the design, development and improvement of a software system in an integrated environment for the booking and management of event tickets under the Online Ticketing System. Everjoy Technology is Everjoy International's technical support partner and is responsible for carrying out the work of upgrading the Online Ticketing System from the first generation to the second generation.

On 2 August 2011, the Company entered into the Software Development Contract with China Energy Worldwide Investment Limited for the software research and development in respect of the upgrading of the Online Ticketing System.

The performance of the Subsidiaries has been unsatisfactory since the Group acquired their shares on 20 December 2012. The profit made by the Subsidiaries during the first six months in the year 2013 was far below the expectation of the Board. It is also expected that the profit of the Subsidiaries will not be greatly improved unless substantial resources are allocated thereto. In view of the above, the Directors decided to dispose of the Subsidiaries and the Online Ticketing System and to devote resources to its existing business and any other potential businesses, if any. The Group will continue to look for other attractive investments in the PRC and locally with a view to generating positive cash flow and earnings for the Group in the long run.

GENERAL

As the principal terms of the Disposal and the Transfer are yet to be finalized, the Company will make further announcement(s) in relation to the Disposal Consideration, the Transfer Consideration and other updates of the Disposal and the Transfer pursuant to the requirements of the GEM Listing Rules as and when appropriate.

DEFINITIONS

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

“Agreement”	the shares transfer agreement dated 31 October 2013 and entered into between the Company as vendor and the Purchaser as purchaser in relation to the Disposal and the Transfer
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“business day”	any day, other than a Saturday or Sunday, on which banks in Hong Kong generally provide their banking services
“BVI”	the British Virgin Islands

“Company”	China E-Learning Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	the completion of sale and purchase of the Sale Shares under the Agreement
“Conditions Precedent”	the conditions precedent to Completion under the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Agreement
“Disposal Consideration”	the total consideration payable by the Purchaser to the Company for the Disposal
“Everjoy International”	Everjoy International Media Corporation, a company incorporated in the BVI with limited liability
“Everjoy Technology”	Everjoy Technology Development Corporation, a company incorporated in the BVI with limited liability
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Online Ticketing System”	Automated Online Ticketing Sales Platform Software* (網路線上票務自動銷售平臺系統) for selling of tickets of cultural, entertainment and sports events
“Purchaser”	Glowing City Holdings Limited, a company incorporated in the BVI with limited liability
“PRC”	the People’s Republic of China
“Sale Shares”	1 share of US\$1.00 in the issued share capital of Everjoy International, being its entire issued share capital; and 50,000 shares of US\$1.00 each in the issued share capital of Everjoy Technology, being its entire issued share capital
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Software Development Contract”	the software development contract dated 2 August 2011 made between the Company and China Energy Worldwide Investment Limited, a company incorporated in Seychelles, for the upgrading and maintenance of the Online Ticketing System

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	Everjoy International and Everjoy Technology
“Transfer”	the transfer of the Online Ticketing System and its right, title and interest in certain intellectual property by the Company to the Purchaser pursuant to the Agreement
“Transfer Consideration”	the consideration payable by the Purchaser to the Company for the Transfer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
China E-learning Group Limited
Chen Hong
Chairman

Hong Kong, 31 October 2013

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chen Hong (Chairman) and Ms Wei Jianya; one non-executive Director, namely Mr. Li Xiangjun; and three independent non-executive Directors, namely Dr. Huang Chung Hsing and Mr. Cheung Wai Tak and Ms. Li Bailing. This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respect and no misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and the website of the Company at www.chinae-learning.com for at least 7 days from the date of its publication.

** for identification purpose only*