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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)

MEMORANDUM OF COOPERATION IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

MEMORANDUM OF COOPERATION

The Company is pleased to announce that on 13 June 2016 (after trading hours), the Company entered into the Memorandum of Cooperation with the Vendors in relation to the Possible Acquisition.

GEM LISTING RULES IMPLICATIONS

The Memorandum of Cooperation may or may not lead to the entering into of the Definitive Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Definitive Agreement materialises, the transaction contemplated thereunder may or may not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors should note that save for the terms relating to exclusivity, due diligence and confidentiality, the Memorandum of Cooperation is non-legally binding and only sets out the understanding and certain initial terms for the Possible Acquisition. The Possible Acquisition is subject to, among other things, further negotiations and the entering into the Definitive Agreement. As at the date of this announcement, no Definitive Agreement in relation to the Possible Acquisition has been entered into, the Possible Acquisition may or may not proceed.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement will be made in respect thereof as and when required by the GEM Listing Rules.

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

MEMORANDUM OF COOPERATION

On 13 June 2016 (after trading hours), China E-Learning Group Limited (the “**Company**”) entered into a Memorandum of Cooperation (the “**Memorandum of Cooperation**”) with Mr. Zhang Jun Min (“**Mr. Zhang**”), holder of 5,000 shares of issued share capital of Unibiochem International Limited (the “**Target Company**”) and Mr. Chen Si Te Frank (“**Mr. Chen**”), holder of 5,000 shares of issued share capital of Target Company, collectively the holders of 65.78% of the issued share capital of Target Company (the “**Vendors**”), in relation to the Possible Acquisition by the Company from the Vendors of 53.78% (4,088 shares from Mr. Zhang and 4,088 shares from Mr. Chen, each representing 26.89% of issued shares capital of the Target Company) of issued share capital of Target Company (the “**Possible Acquisition**”).

As advised by the Vendors, Target Company is a global biotech company established on 18 January 2006. It is engaged in the businesses of research and development, production and worldwide sales of chondroitin sulfate and other biochemical products. As at the date of signing of the Memorandum of Cooperation, the Vendors own 65.78% of the issued share capital in Target Company.

To the best of the knowledge, information and belief of the board of directors of the Company after having made all reasonable enquiries, the Vendors are third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

MAJOR TERMS OF THE MEMORANDUM OF COOPERATION

Consideration

The consideration for the Possible Acquisition has not yet been determined and shall be subject to further negotiation between the Company and the Vendors (the “**Parties**”). The Company intends to settle the consideration in cash.

Conditions Precedent

Pursuant to the Memorandum of Cooperation, the completion of the Possible Acquisition is conditional upon, but not limited to:

1. the Company being satisfied with the results of the due diligence review on the Target Company;
2. all necessary consents and approvals for the Possible Acquisition having been obtained on the part of the Company;
3. all necessary consents and approvals for the Possible Acquisition having been obtained on the part of the Vendors;
4. if necessary, approval by the regulatory bodies and shareholders passing at an extraordinary general meeting of the Company and the compliance with all laws and regulations in Hong Kong including but not limited to the Listing Rules;
5. any other conditions which may be agreed by the Parties and included in the definitive agreement (the “**Definitive Agreement**”) (if any).

Exclusivity

The Parties agree that within three months after signing of the Memorandum of Cooperation, neither the Vendors and/or their respective affiliates nor any of their respective agents or representatives will directly or indirectly, enter or agree to enter into any (or continue any existing) discussions, negotiations or agreements with any person (other than the Company and its affiliates) for the sale, transfer or other disposal of any of their shares of the Target Company or business of any of the Target Group or otherwise any transaction(s) that might be in conflict with the transaction contemplated under the Memorandum of Cooperation.

Due Diligence

Within three months after the signing of the Memorandum of Cooperation, the Company shall have the right to conduct a comprehensive due diligence review as it may consider appropriate over Target Company and its assets and shall be entitled to engage agents in providing such assistance in connection with such review.

Definitive Agreement

1. After signing of the Memorandum of Cooperation, the Parties shall negotiate in good faith to enter into the Definitive Agreement, which will define accordingly the ultimate rights and obligations of the Parties.
2. In the event that the Parties fail to take any practical actions in respect of the Possible Acquisition within three months from the date of the Memorandum of Cooperation, the Memorandum of Cooperation shall be terminated and cease to be of any effect automatically.

Legal Effect

Save for the terms relating to exclusivity, due diligence and confidentiality contained in the Memorandum of Cooperation, the Memorandum of Cooperation is not legally binding or enforceable.

REASONS FOR THE POSSIBLE ACQUISITION

The Company together with its subsidiaries (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. The Company has decided to enter into the Memorandum of Cooperation with The Vendors with a view to maximizing return to the Company and its shareholders in the long run. The Company believes that the Possible Acquisition, when materialized, will strengthen the positive cash flow and earnings for the Group in the long run.

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Shareholders and potential investors should note that save for the terms relating to exclusivity, due diligence and confidentiality, the Memorandum of Cooperation is non-legally binding and only sets out the understanding and certain initial terms for the Possible Acquisition. The Possible Acquisition is subject to, among other things, further negotiations and the entering into the Definitive Agreement. As at the date of this announcement, no Definitive Agreement in relation to the Possible Acquisition has been entered into, the Possible Acquisition may or may not proceed.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement will be made in respect thereof as and when required by the GEM Listing Rules.

By Order of the Board
China E-Learning Group Limited
Yuan Wei
Executive Director

Hong Kong, 13 June 2016

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Yuan Wei and Mr. Yang Jilin; one non-executive director, Mr. Li Xiangjun; and three independent non-executive directors, namely Dr. Huang Chung Hsing, Mr. Li Qunsheng and Ms. Li Ya Ru Nancy.

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 respects and not 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.