

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

TERMINATION OF MEMORANDUM OF COOPERATION AND SIGNING OF NEW MOU RELATED TO POSSIBLE ACQUISITION

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

TERMINATION OF MEMORANDUM OF COOPERATION

The Company announces that on 1 November 2016 (after trading hours), the Memorandum of Cooperation was terminated and has ceased to have any legally-binding effect on the parties thereto.

SIGNING OF NEW MOU

On 1 November 2016 (after trading hours), the Company entered into the New MOU with LJFL in relation to the Company's Possible Acquisition of all or part of the shareholding or equity interest in the Target Companies and the other cooperation projects.

GEM LISTING RULES IMPLICATIONS

The New MOU may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement is finalised and signed, the transactions 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 the New MOU (save for the provisions in relation to the payment of the Consideration) 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 of the Formal Agreement. As at the date of this announcement, no definitive agreement in relation to the Possible Acquisition has been entered into and 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(s) in relation to the Cooperation will be made by the Company 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**”).

TERMINATION OF MEMORANDUM OF COOPERATION

Reference is made to the announcement dated 30 August 2016 issued by China E-Learning Group Limited (the “**Company**”) in relation to a memorandum of cooperation (the “**Memorandum of Cooperation**”) entered into between the Company, Mr. Lin Ruiping (“**Mr. Lin**”) and Mr. Tse Yueksi (“**Mr. Tse**”) for the possible transfer of 100% equity interest in Legend Japanese Food Limited (嶺進日本食品有限公司) (“**LJFL**”) to the Company.

On 1 November 2016 (after trading hours), the Memorandum of Cooperation was terminated by a written agreement signed between the Company, Mr. Lin and Mr. Tse, pursuant to which the Memorandum of Cooperation has ceased to have any legally-binding effect on the parties thereto.

SIGNING OF NEW MOU

Also on 1 November 2016 (after trading hours), the Company and LJFL signed a new memorandum of cooperation (the “**New MOU**”) for the Company’s possible acquisition (the “**Possible Acquisition**”) of all or part of the shareholding or equity interest in Shag Mei International Food Limited (正味國際食品有限公司) (“**New Target Company**”) and/or its related companies (the “**Target Companies**”) and the other cooperation projects (the “**Cooperation**”).

The New Target Company is a limited company incorporated in Hong Kong which is principally engaged in the business of food processing and sale. As at the date of signing of the New MOU, LJFL owns the entire issued share capital of the New Target Company.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, LJFL and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

MAJOR TERMS OF THE NEW MOU

Subject to LJFL and the Company (the “**Parties**”) respectively having obtained the necessary authorizations and also the relevant regulatory authorities’ approvals, and subject to further negotiations for reaching a formal agreement in respect of the Cooperation (the “**Formal Agreement**”), (1) LJFL shall sell and transfer all or part of the shareholding or equity interest in the Target Companies to the Company; (2) if necessary, the Parties will adjust or expand the business operation and management of the Target Companies; (3) the Parties will cooperate comprehensively in the business of food processing and sale.

Consideration

The consideration for the Possible Acquisition (the “**Consideration**”) has not been determined and shall be subject to the Formal Agreement, and it shall be determined with reference to the value of the Target Companies to be assessed by an independent professional valuer (who will be appointed by the Parties) in accordance with the relevant laws and regulations of the People’s Republic of China and Hong Kong.

Payment of Consideration

Subject to the Formal Agreement, the Consideration shall be satisfied by the Company’s issue of convertible notes, payment of cash and/or other methods. The issue price of any share to be issued by the Company (the “**Share**”) for satisfying the Consideration and the conversion price of the aforesaid convertible notes shall not exceed HK\$0.28 per Share.

Profit Assurance

LJFL will provide certain assurance to the Company in respect of the profit to be generated by the Target Companies, the details of which will be subject to further negotiations between the Parties.

Due Diligence

Within 6 months after the signing of the New MOU, the Company shall have the right to conduct a comprehensive due diligence review as it may consider appropriate on the Target Companies and shall be entitled to engage agents in providing assistance for such review.

The Parties shall further negotiate and discuss the details of the Cooperation and the arrangement and method of its implementation.

Preferential Right

Notwithstanding the signing of the New MOU, the Company does not enjoy any exclusive right in the Cooperation and as such, LJFL shall continue to have the rights to negotiate, enter into any agreement or confirm any arrangements with any third party in relation to the Target Companies in respect of the Cooperation.

LJFL, however, agrees that where a third party offers the same terms and conditions for the Cooperation as the Company may offer, the Company shall enjoy the preferential rights to the Cooperation with LJFL.

Termination

In the event that the Parties fail to take any practical actions in respect of the Cooperation within 6 months from the date of the New MOU, the New MOU shall be terminated and cease to have any effect automatically.

Legally-binding effect

The New MOU, save for the provisions in relation to the payment of the Consideration, does not create any legally-binding obligations on the Parties, and may or may not lead to the signing of the Formal Agreement by the Parties.

REASONS OF SIGNING THE NEW MOU

The reason of signing the New MOU is for the Company to develop the business of food processing and sale. The Company has decided to enter into the New MOU with LJFL with a view to maximizing return to the Company and its shareholders in the long run. The Company believes that the Cooperation, when materialized, will strengthen the positive cash flow and earnings for the Company and its subsidiaries in the long run.

GEM LISTING RULES IMPLICATIONS

The New MOU may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement is finalised and signed, the transactions 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 the New MOU (save for the provisions in relation to the payment of the Consideration) 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 of the Formal Agreement. As at the date of this announcement, no definitive agreement in relation to the Possible Acquisition has been entered into and 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(s) in relation to the Cooperation will be made by the Company 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, 1 November 2016

As at the date of this announcement, the board of directors of the Company comprises two executive directors, namely Mr. Yuan Wei and Ms. Zhang Jianxin; 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.