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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)

### **DISCLOSEABLE TRANSACTION FURTHER INFORMATION**

The board of directors (the “**Board**”) of China E-Learning Group Limited (the “**Company**”) refers to the announcements of the Company dated 30 August, 31 August and 21 September 2016 (the “**Announcements**”) relating to the acquisition of 45% equity interest in Business Harbour Inc. (the “**Target Company**”) and wishes to provide further information to the Shareholders and potential investors. Unless otherwise stated, terms defined in the Announcements have the same meanings when used in this announcement.

#### **Basis of Valuation**

In accordance with the Valuation Report issued by Access Partner Consultancy & Appraisals Limited (the “**Valuer**”), an independent third party valuer engaged by the Purchaser, the value of the Target Company as at 24 August 2016 was HK\$150,000,000.

The basis on which the Valuer arrives at the aforesaid value of the Target Company is that it is expected that about 135 students will purchase the courses and services from the Target Company in the first month and a total of 80 online courses will be provided by the Target Company by the end of August 2017.

The aforesaid expected numbers of students and online courses came from the Target Company’s negotiation with Guangzhou Designers Association\* (廣州市青年設計師協會) (“**GDA**”).

On 23 August 2016, a memorandum (備忘錄) (the “**Memorandum**”) was signed between the Target Company and GDA.

Pursuant to the Memorandum, the Target Company and GDA had, after negotiation, decided to produce 80 courses in the first year of cooperation with a minimum of 136 students in each course. The courses to be offered are non-academic in nature, with topics ranging from design, photography, painting, calligraphy, singing and composing, music instrumental, dancing and makeup techniques.

The Company is given to understand that GDA has experience in organizing different courses with topics ranging from 3D-game and animation design, game art background design, game design, graphic design, UI visual design, and Taobao operation.

According to GDA, the expected minimal number of students of 136 is arrived at by applying a 60% discount on the average number of students of 340 in the initial year of intake of its most popular online course “Graphic of Product Refinement” (《產品精修圖》). The first intake of the said online course was in July 2015, and around 340 students were enrolled in the first week.

The Company is given to understand that the discount rate of 60% was decided by the Target Company and GDA after careful negotiations between them.

During the negotiation process and when setting the estimated number of students and estimated number of courses with GDA, the Target Company has also taken into consideration the information and data of courses provided by other strategic partners such as the Guangzhou Academy of Fine Arts (廣州市美術學院) and other information and data of courses offered by other organizations. The Guangzhou Academy of Fine Arts (廣州市美術學院) has experience in organizing non-degree courses and degree courses. According to the “prospectus for classes of self-study students 2015” (廣州市美術學院2015年自學考試助學班招生簡章) published by the Guangzhou Academy of Fine Arts on 14 July 2015, five two-year courses were offered and the maximum number of students to be enrolled for each course was at least 100.

## **Human Resources**

The Board considers that the Target Company has the requisite human resources, and its strategic partners and team members have the requisite experience and expertise in education, which the Board believes would attract a critical mass of subscribers who would enroll as students paying repetitive subscriptions for courses from elementary to advanced level.

Mr Lam Chi Man (“**Mr Lam**”) is the head of the management team of the Target Company at the time when the discussion for the Acquisition commenced.

Mr Lam holds a bachelor of business administration degree and a master of business administration degree from The Chinese University of Hong Kong. He has more than 20 years of management experience in the banking, commercial and industrial sectors. Mr Lam also has experience in the promotion of international companies using different modes of media, including online promotion.

Mr Lam leads a team of management staff who possess the requisite experience in design, market research, promotion and education. One of the core management members is Mr Li Zhao Zhou (李兆洲) who is the chairman of GDA and has extensive teaching experience and adjudicator experience in various art-related competitions. He also has vast experience in organizing courses for GDA. These management staff will work closely with the respective schools and educational institutions to design course structure, course contents, class schedule, learning objectives, assessments and instructional strategies. The respective schools and institutions are currently offering different courses to the public, and are all experienced in designing courses that attract students. The Company is given to understand that Mr Lam and his management team shall collect and collate the statistical data from different schools and institutions and compile meaningful statistics and trends for designing future courses and for future cooperation with potential schools and education institutions in order to attract a wider critical mass.

The Company takes the view that the Company itself already has many years of experience and expertise of offering online educational courses to the public. Hence, the Company can also assign its staff to participate in the Target Company's management to work with schools and educational institutions to design course structure, course contents, class schedule, learning objectives, assessments and instructional strategies to attract a critical mass.

The Company opines that the attraction and accumulation of critical mass in enrolling the online courses to be offered by the Target Company depends heavily on the quality and credentials of lecturers or teachers who deliver such online courses, the contents and learning objectives of the online courses, and the timetable of the courses more than the experience and expertise of the Target Company's management team as the constitution of the members of the Target Company's management team may change from time to time. To this end, the Company shall work closely with the Target Company in designing and improving the courses to be offered to attract a critical mass.

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

Hong Kong, 30 September 2016

*As at the date of this announcement, the Board 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 GEM Listing Rules 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.*

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