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中國銀杏教育集團有限公司
China Ginkgo Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1851)

DISCLOSEABLE TRANSACTION

FINANCE LEASE ARRANGEMENT

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On March 8, 2019, Yinxing College, a consolidated affiliated entity of the Company, entered into the Finance Lease Agreements with Far Eastern Leasing, pursuant to which Far Eastern Leasing will purchase the Equipment from Yinxing College at an aggregate consideration of RMB57,000,000 and lease the Equipment back to Yinxing College for a term of 36 months at an estimated total lease amount of approximately RMB65,450,000.

Yinxing Education and Ginkgo Asset Management, being an indirect wholly-owned subsidiary of the Company and a consolidated affiliated entity of the Company respectively, will severally guarantee Yinxing College's payment obligations under the Finance Lease Agreements.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

1. FINANCE LEASE ARRANGEMENT

The principal terms of the Finance Lease Agreements are set out as follows:

Date

March 8, 2019

Parties

Purchaser/Lessor: Far Eastern Leasing

Seller/Lessee: Yinxing College

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Far Eastern Leasing and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Sale and leaseback of the Equipment

Subject to the fulfilment of certain conditions as set out in the Finance Lease Agreements (including but not limited to the receipt by Far Eastern Leasing of title proof of the Equipment to its satisfaction, the signing of the relevant guarantee agreements by the Guarantors, and the receipt by Far Eastern Leasing of proof that the necessary approvals, consents and authorisations of the Guarantors for undertaking the guaranteed liabilities have been obtained) (the "**Conditions**"):

- (i) the Equipment will be sold by Yinxing College to Far Eastern Leasing for an aggregate consideration of RMB57,000,000 (the "**Purchase Price**"); and
- (ii) the Equipment will be leased back by Yinxing College from Far Eastern Leasing for a period of 36 months (the "**Lease Term**") commencing from the date on which the Purchase Price is paid by Far Eastern Leasing.

If any of the Conditions are not satisfied within one (1) month of the date of the Finance Lease Agreements, Far Eastern Leasing shall have the right to unilaterally terminate the Finance Lease Agreements.

Purchase Price

The Purchase Price shall be settled by Far Eastern Leasing in the following manner within seven (7) business days after receipt by Far Eastern Leasing of the relevant payment instruction and invoice issued by Yinxing College:

- (i) a sum of RMB7,900,000, payable by Yinxing College to Far Eastern Leasing as the initial Security Deposit, will be set-off against the equivalent amount of the Purchase Price payable by Far Eastern Leasing to Yinxing College; and
- (ii) the balance of the Purchase Price, being a sum of RMB49,100,000, shall be paid by Far Eastern Leasing to Yinxin College in one lump sum by way of bank transfer.

The Purchase Price was determined after arm's length negotiation between Yinxing College and Far Eastern Leasing with reference to the initial purchase price of the Equipment.

Ownership of the Equipment

During the Lease Term, the ownership of the Equipment shall vest in Far Eastern Leasing, while Yinxing College shall have the right to use the Equipment.

Subject to Yinxing College having duly and fully performed all its obligations under the Finance Lease Agreements, Far Eastern Leasing shall transfer the ownership of the Equipment to Yinxing College at a nominal consideration of RMB1,000 upon expiry of the Lease Term.

Lease Term

Pursuant to the Finance Lease Agreements, at any time after six (6) months of the commencement of the Lease Term, Yinxing College may request for early termination of the Lease Term by one month's prior written notice to Far Eastern Leasing, subject to the agreement of Far Eastern Leasing and payment of all sums due to Far Eastern Leasing under the Finance Lease Agreements.

Lease Payments

Pursuant to the Finance Lease Agreements, the total lease payments (the “**Lease Payments**”) payable by Yinxing College shall be approximately RMB65,450,000 (subject to changes of the basic lending rate of the People’s Bank of China for 3-year RMB loans), comprising the principal amount of approximately RMB57,000,000 and interest of approximately RMB8,450,000, and shall be payable by Yinxing College to Far Eastern Leasing in twelve (12) instalments on a quarterly basis during the Lease Term.

The Lease Payments were determined after arm’s length negotiation between Yinxing College and Far Eastern Leasing with reference to the prevailing market rates for finance lease in the PRC.

The Lease Payments are expected to be settled by cash out of the Group’s internal resources.

Security Deposit

Yinxing College is required to pay to Far Eastern Leasing a sum of RMB7,900,000 as a refundable security deposit (the “**Security Deposit**”) under the Finance Lease Agreements. Yinxing College and Far Eastern Leasing agreed that the initial Security Deposit shall be set-off against the equivalent amount of the Purchase Price.

Under the Finance Lease Agreements, Far Eastern Leasing has the right to apply the Security Deposit to set off against any outstanding amount owed by Yinxing College under the Finance Lease Arrangement, and Yinxing College shall restore the balance of the Security Deposit to the initial amount of RMB7,900,000 within three (3) business days of written notice from Far Eastern Leasing. If Yinxing College has fully performed all its obligations under the Finance Lease Agreement, Far Eastern Leasing shall return the Security Deposit (without any interest) to Yinxing College within fifteen (15) business days after upon expiry of the Lease Term.

Guarantee

Each of Yinxing Education and Ginkgo Asset Management has entered into a guarantee agreement on the date of the Finance Lease Agreements in favour of Far Eastern Leasing pursuant to which each of them shall severally guarantee the payment obligations of Yinxing College under the Finance Lease Agreements, and the guarantee shall be effective for a period commencing from March 8, 2019 until the second anniversary of the date when all the payment obligations of Yinxing College under the Finance Lease Agreements have been performed.

2. INFORMATION OF THE PARTIES

The Company is an investment holding company incorporated in the Cayman Islands with limited liability.

Yinxing College is a consolidated affiliated entity of the Company and is a private higher education service provider in the PRC.

Yinxing Education is a consolidated affiliated entity of the Company and is an education consultancy service provider in the PRC.

Yinxing Asset Management College is a consolidated affiliated entity of the Company and is principally engaged in asset management in the PRC.

Far Eastern Leasing

Far Eastern Leasing is a direct wholly owned subsidiary of Far Eastern Horizon and is a finance lease service provider in the PRC.

3. REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Directors are of the view that the Finance Lease Arrangement would enhance the working capital position of and provide medium term financing for the Group and facilitate the expansion of the Group's new campus plan which is to establish a new campus in Yibin City. The Directors consider the Finance Lease Arrangement will further diversify the Company's financing channels and support its business expansion without material impact on the actual operation of Yinxing College and the Company. For details of the new campus plan, please refer to the prospectus of the Company dated on 21 December 2018. The terms of the Finance Lease Arrangement have been agreed after arm's length negotiations between the relevant parties with reference to the initial purchase price of the Equipment as well as the prevailing market rates for finance lease in the PRC. In light of the foregoing, the Directors consider that the terms of the Finance Lease Agreements are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. LISTING RULE IMPLICATIONS

As the highest of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a disclosable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

5. DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Gingko Education Group Company Limited (中國銀杏教育集團有限公司), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 1851)
“Directors”	the directors of the Company
“Equipment”	certain electronic equipment, furniture and fixtures, books and computer software owned by Yinxing College and located at Guangchang Road North Second Section, Hong Guang Town, Pi Country, Chengdu City, Sichuan Province, PRC
“Far East Horizon”	遠東宏信有限公司 (Far East Horizon Limited), a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (stock code: 3360)
“Far Eastern Leasing”	遠東國際租賃有限公司 (International Far Eastern Leasing Co., Ltd*), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Far East Horizon
“Finance Lease Agreements”	the ownership transfer agreement and leaseback agreement both dated March 8, 2019 entered into between Far Eastern Leasing and Yinxing College in relation to (i) the purchase of the Equipment by Far Eastern Leasing from Yinxing College; and (ii) the leaseback of the Equipment by Yinxing College from Far Eastern Leasing
“Finance Lease Arrangement”	the finance lease arrangement as contemplated under the Finance Lease Agreement

“Gingko Asset Management”	成都銀杏資產管理有限公司 (Chengdu Gingko Asset Management Co., Limited*), a company established under the laws of the PRC with limited liability and a consolidated affiliated entity of the Company
“Group”	the Company and its subsidiaries (including the consolidated affiliated entities)
“Guarantors”	Gingko Asset Management and Yinxing Education
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yinxing College”	成都信息工程大學銀杏酒店管理學院 (Yinxing Hospitality Management College of CUIT*), a school established under the laws of the PRC and a consolidated affiliated entity of the Company

“Yinxing Education”

成都银杏教育管理有限公司(Chengdu Yinxing Education Management Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%”

per cent

By order of the Board
China Ginkgo Education Group Company Limited
Fang Gongyu
Chairman

Hong Kong, March 8, 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Fang Gongyu, Mr. Tian Tao, Ms. Yu Yuan and Ms. Liu Dan, and three independent non-executive Directors, namely Mr. Jiang Qian, Mr. Chong Man Hung Jeffrey and Mr. Yuan Jun.

** The English translation is provided for identification purpose only*