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China Chuanglian Education Financial Group Limited
中國創聯教育金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

太陽證券有限公司

SUN SECURITIES LIMITED

PLACING OF NEW SHARES

On 10 July 2019 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, Places for up to 993,700,000 new Shares at a price of HK\$0.04 per Placing Share.

The Placing Price of HK\$0.04 per Placing Share represents:

- (a) a discount of approximately 6.98% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on 10 July 2019, being the date of the Placing Agreement; and
- (b) a discount of approximately 8.68% to the average closing price of approximately HK\$0.0438 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum 993,700,000 Placing Shares represent approximately 20.00% of the existing issued share capital of the Company of 4,968,510,578 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged after the Placing. The net proceeds from the Placing of approximately HK\$39.4 million (assuming the Placing Shares are fully placed and after deducting the placing commission and all relevant expenses) will be used as the general working capital and for any possible business development or investment of the Group when appropriate opportunities arise.

The issue of the Placing Shares will be made under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 14 June 2019.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

10 July 2019 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees and who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

Up to 993,700,000 new Shares will be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represent approximately 20.00% of the existing issued share capital of the Company of 4,968,510,578 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares will be HK\$9,937,000.

Placing Price

The Placing Price of HK\$0.04 per Placing Share represents:

- (a) a discount of approximately 6.98% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on 10 July 2019, being the date of the Placing Agreement; and
- (b) a discount of approximately 8.68% to the average closing price of approximately HK\$0.0438 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at, after arm's length negotiation between the Company and the Placing Agent with reference to the recent trading price of the Shares on the Stock Exchange. The Directors (including the independent non-executive Directors) consider that the Placing Price are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent will receive a placing commission of 0.5% of the aggregate consideration of the Placing Shares placed to and purchased by the Placees.

General Mandate

The issue of the Placing Shares will be made under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 14 June 2019 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting, which is 993,702,115 Shares. The 993,700,000 Placing Shares to be allotted and issued will utilise approximately 100% of the said general mandate. As such, no Shareholders' approval is required for the allotment and issue of the Placing Shares.

As at the date of this announcement, no Shares have been issued pursuant to the said general mandate.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares. The Placing is not subject to Shareholders' approval.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Conditions Precedent

The Placing is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (a) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

Completion

Completion shall take place at 4:00 p.m. (Hong Kong time) on the Completion Date (or at such other date and time as may be agreed between the Placing Agent and the Company) at the principal office of the Company in Hong Kong (or at such other place to be agreed between the Placing Agent and the Company).

If the conditions precedent of the Placing are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and neither the Placing Agent nor the Company will have any claim against the other in respect of the Placing save for any antecedent breach of the Placing Agreement.

Termination of the Placing Agreement

The Company or the Placing Agent shall have the right to terminate the Placing Agreement by giving written notice prior to 6:00 p.m. on the Business Day immediately before the Completion Date and without continuing obligation to the Company or the Placing Agent, except as regards the followings which shall survive any termination and remain in full force and effect:

- (a) all costs and expenses already incurred arising from the services rendered of the Placing or to be incurred in consequence of such termination; and
- (b) The confidentiality provisions of the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS

The Group is principally engaged in the provision of online training and education services.

The Directors have considered various fund raising methods and believe that taking into account the prevailing market conditions, the Placing represents an opportunity for the Group to raise equity capital for its future developments. In addition, the Placing will broaden the Company's shareholder base and strengthen its capital base and working capital position.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$39.7 million. The net proceeds (assuming the Placing Shares are fully placed and after deducting the placing commission and all relevant expenses), will be approximately HK\$39.4 million, representing a net issue price of approximately HK\$0.0397 per Placing Share. The Company intends to apply the net proceeds as the general working capital and for any possible business development and investment of the Group when appropriate opportunities arise.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing are and will be as follows:—

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>
Directors				
Mr. Lu Xing (<i>note</i>)	923,948,323	18.60	923,948,323	15.50
Mr. Li Jia	7,936,000	0.16	7,936,000	0.13
Mr. Wu Xiaodong	15,103,000	0.30	15,103,000	0.25
Mr. Wang Cheng	<u>12,166,000</u>	<u>0.24</u>	<u>12,166,000</u>	<u>0.20</u>
Subtotal	959,153,323	19.30	959,153,323	16.08
Public Shareholders:				
Places	—	—	993,700,000	16.67
Other public Shareholders	<u>4,009,357,255</u>	<u>80.70</u>	<u>4,009,357,255</u>	<u>67.25</u>
Total	<u>4,968,510,578</u>	<u>100.00</u>	<u>5,962,210,578</u>	<u>100.00</u>

Note: Of these 923,948,323 shares, 680,000,000 shares are held by Headwind Holdings Limited and 109,628,323 shares are held by Ascher Group Limited. Headwind Holdings Limited and Ascher Group Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu Xing.

GENERAL

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors from time to time
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	China Chuanglian Education Financial Group Limited (中國創聯教育金融集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing pursuant to the Placing Agreement
“Completion Date”	means the date which is the fifth (5th) Business Day after the date on which all the conditions set out in the Placing Agreement are satisfied or such other date as the Company and the Placing Agent may agree in writing
“conditions”	the conditions precedent for the Completion as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties which are not connected persons of the Company (as defined in the Listing Rules) and are independent of and not connected with the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 August 2019 or such later date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any professional, institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Sun Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the Placing Agreement dated 10 July 2019 entered into between the Placing Agent and the Company in relation to the Placing
“Placing Price”	HK\$0.04 per Placing Share
“Placing Shares”	a maximum of 993,700,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the issued Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholders” has the meaning ascribed to it under the Listing Rules
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent.

By order of the Board
China Chuanglian Education Financial Group Limited
Lu Xing
Chairman

Hong Kong, 10 July 2019

As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Wu Xiaodong, Mr. Wang Cheng and Mr. Xu Dayong as executive directors; and Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.