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China Xinhua Education Group Limited

中國新華教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2779)

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION STABILIZING ACTIONS AND END OF STABILIZATION PERIOD

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Joint Global Coordinators (on behalf of the International Underwriters) on 18 April 2018 to require the Company to allot and issue 8,583,000 additional Shares (the “**Over-allotment Shares**”), representing approximately 2.15% of the Offer Shares initially available under the Global Offering, to facilitate the return to Wu Junbao Company Limited (“**WJB Company**”) of 60,000,000 borrowed Shares which were used to cover over-allocations in the International Offering.

The Over-allotment Shares will be allotted and issued by the Company at HK\$3.26 per Share (excluding brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering.

STABILIZING ACTIONS AND END OF STABILIZATION PERIOD

The Company further announces that the stabilization period in connection with the Global Offering ended on 18 April 2018, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Stabilizing actions were undertaken by the Stabilizing Manager during the stabilization period, further information in relation to which is set out below.

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Joint Global Coordinators (on behalf of the International Underwriters) on 18 April 2018 to require the Company to allot and issue 8,583,000 additional Shares, representing approximately 2.15% of the Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering.

The Over-allotment Shares will be allotted and issued by the Company at HK\$3.26 per Share (excluding brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering. The Over-allotment Shares will be used to facilitate the return to WJB Company of 60,000,000 borrowed Shares which were used to cover over-allocations of the Shares in the International Offering.

Approval for the listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange. The listing of and dealings in the Over-allotment Shares are expected to commence on the Main Board of the Stock Exchange on 9:00 a.m. on 25 April 2018.

The shareholding structure of the Company immediately before and after the completion of the allotment and issue of the Over-allotment Shares by the Company are as follows:

Shareholders	Immediately before the allotment and issue of the Over-allotment Shares		Immediately after the allotment and issue of the Over-allotment Shares	
	Number of Shares	Approximately % of issued share capital	Number of Shares	Approximately % of issued share capital
WJB Company	1,148,491,879	71.78%	1,148,491,879	71.40%
WD Company	11,600,928	0.73%	11,600,928	0.72%
Huayuan Company	39,907,193	2.49%	39,907,193	2.48%
Public Shareholders	400,000,000	25.00%	408,583,000	25.40%
Total	<u>1,600,000,000</u>	<u>100.00%</u>	<u>1,608,583,000</u>	<u>100.00%</u>

As shown in the shareholding structure of the Company set out above, immediately before the allotment and issue of the Over-allotment Shares, 25% of the issued capital of the Company was held by public Shareholders, and approximately 25.40% of the issued share capital of the Company will be held by public Shareholders immediately after the allotment and issue of the Over-allotment Shares. The Company continues to comply with the public float requirements under Rule 8.08(1)(a) of the Listing Rules.

The Company estimates that it will receive additional net proceeds of approximately HK\$25.9 million from the issue of the Over-allotment Shares, after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the Over-allotment Option. The Company intends to apply the additional net proceeds on a pro-rata basis for the same purposes as set out in the section headed “Future Plans and Use of Proceeds – Use of Proceeds” in the Prospectus.

The portion of the Over-allotment Option which has not been exercised by the Joint Global Coordinators (on behalf of the International Underwriters) lapsed on 18 April 2018.

STABILIZING ACTIONS AND END OF STABILIZATION PERIOD

The Company further announces that the stabilization period in connection with the Global Offering ended on 18 April 2018, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering.

The Company has been informed by the Stabilizing Manager that the stabilizing actions undertaken during the stabilization period involved:

- (1) over-allocations of an aggregate of 60,000,000 Shares in the International Offering, representing in aggregate of approximately 15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;
- (2) the borrowing of an aggregate of 60,000,000 Shares by the Stabilizing Manager from WJB Company pursuant to the Stock Borrowing Agreement to cover over-allocation of Shares in the International Offering. Such Shares will be returned and redelivered to WJB Company in accordance with the terms of the Stock Borrowing Agreement;
- (3) the purchases of an aggregate of 51,417,000 Shares in the price range of HK\$2.98 to HK\$3.26 per Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, if any) on the market during the stabilization period, representing approximately 12.85% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option; and
- (4) the partial exercise of the Over-allotment Option by the Joint Global Coordinators (on behalf of the International Purchasers) on 18 April 2018 in respect of an aggregate of 8,583,000 Shares at the Offer Price per Share, representing approximately 2.15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option, to facilitate the return to WJB Company of 60,000,000 Shares borrowed by the Stabilizing Manager as described in paragraph (2) above.

The last purchase made by the Stabilizing Manager or its agent on the market during the course of the stabilization period was on 18 April 2018 at the price of HK\$3.23 per Share (excluding brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

By order of the Board
China Xinhua Education Group Limited
Wu Junbao
Chairman

Hong Kong, 25 April 2018

As at the date of this announcement, our executive Directors are Mr. Lu Zhen, Mr. Wang Yongkai and Ms. Wang Li, our non-executive Director is Mr. Wu Junbao and our independent non-executive Directors are Ms. Zhang Kejun, Mr. Yang Zhanjun and Mr. Chau Kwok Keung.