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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)

ANNOUNCEMENT GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of China Xinhua Education Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that on 15 July 2019 (the “**Date of Grant**”), 52,900,000 share options (the “**Share Options**”) to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Share**”) were granted to certain eligible persons (the “**Grantees**”) under the share option scheme adopted by the Company on 8 March 2018 (“**Share Option Scheme**”) subject to acceptance of the Grantees.

Each Share Option shall entitle the Grantees to subscribe for one Share upon exercise of such Share Option at an exercise price of HK\$2.82 per Share, which represents the highest of (1) the nominal value of a Share; (2) the closing price of HK\$2.82 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Date of Grant; and (3) the average closing price of HK\$2.69 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant.

Among the 52,900,000 Share Options, 33,000,000 Share Options (the “**Group A Share Options**”) granted shall vest in accordance with the timetable below with an exercise period commencing from the relevant Vesting Date and ending on the expiration date of five years after the Vesting Date (for this purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a “**Vesting Date**”):

Vesting Date	Percentage of Share Options to vest
15 July 2020	25% of the total number of the Group A Share Options granted
15 July 2021	25% of the total number of the Group A Share Options granted
15 July 2022	25% of the total number of the Group A Share Options granted
15 July 2023	25% of the total number of the Group A Share Options granted

Among the 52,900,000 Share Options, 1,500,000 Share Options (the “**Group B Share Options**”) granted shall vest in accordance with the timetable below with an exercise period commencing from the relevant Vesting Date and ending on the expiration date of five years after the Vesting Date:

Vesting Date	Percentage of Share Options to vest
15 July 2020	30% of the total number of the Group B Share Options granted
15 July 2021	30% of the total number of the Group B Share Options granted
15 July 2022	40% of the total number of the Group B Share Options granted

Among the 52,900,000 Share Options, 15,200,000 Share Options (the “**Group C Share Options**”) granted shall vest in accordance with the timetable below with an exercise period commencing from the relevant Vesting Date and ending on the expiration date of five years after the Vesting Date:

Vesting Date	Percentage of Share Options to vest
15 July 2020	50% of the total number of the Group C Share Options granted
15 July 2021	50% of the total number of the Group C Share Options granted

Among the 52,900,000 Share Options, 1,200,000 Share Options (the “**Group D Share Options**”) granted shall vest in accordance with the timetable below with an exercise period commencing from the relevant Vesting Date and ending on the expiration date of five years after the Vesting Date:

Vesting Date	Percentage of Share Options to vest
15 July 2020	100% of the total number of the Group D Share Options granted

Among the 52,900,000 Share Options, 2,000,000 Share Options granted shall vest on the Date of Grant with an exercise period commencing from the Date of Grant and ending on the expiration date of five years after the Date of Grant.

Among the Group A Share Options, 12,000,000 Share Options were granted to the following Directors as follows:

Name of Director	Capacity	Number of Group A Share Options granted
Lu Zhen (陸真)	Executive Director	6,000,000
Wang Yongkai (王永凱)	Executive Director	6,000,000

The granting of the Share Options to the above Directors was approved by all the independent non-executive Directors of the Company according to Rule 17.04(1) of the Listing Rules. The Grantees who are Directors have abstained from voting so far as the resolution for the approval of the grant of the Share Options to them were concerned. Save as disclosed above, none of the Grantees, is a Director, chief executive or substantial shareholder of the Company or an associate (as defined in the Listing Rules) of any them.

Exercise of the Share Options is conditional upon the achievement of certain performance targets of the Group, during the exercise period of the Share Options. Subject to the Listing Rules and the Share Option Scheme, the Board reserves its rights to specify appropriate performance targets and conditions that must be achieved before the exercise of the Share Options by the Grantees at their absolute discretion.

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

Hong Kong, 15 July 2019

As at the date of this announcement, our executive Directors are Mr. Zhang Ming, Mr. Lu Zhen and Mr. Wang Yongkai, 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.