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China Gingko Education Group Company Limited

中國銀杏教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1851)

DISCLOSEABLE TRANSACTION LAND RESUMPTION COMPENSATION AGREEMENT

LAND RESUMPTION COMPENSATION AGREEMENT

On 19 July 2019, Gingko Asset Management, a consolidated affiliated entity of the Company, entered into the Land Resumption Compensation Agreement with Chengdu PDLRC, in respect of the Resumption Land. Under the Land Resumption Compensation Agreement, Gingko Asset Management has undertaken to surrender the Resumption Land to Chengdu PDLRC in a consideration of a cash compensation of approximately RMB6,691,000.

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 Resumption exceeds 5% but is less than 25%, the Resumption constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under the Listing Rules under Chapter 14 of the Listing Rules.

1. BACKGROUND

On 19 July 2019, Gingko Asset Management, a consolidated affiliated entity of the Company, entered into the Land Resumption Compensation Agreement with Chengdu PDLRC, in respect of the Resumption Land. Under the Land Resumption Compensation Agreement, Gingko Asset Management has undertaken to surrender the Resumption Land to Chengdu PDLRC in consideration of a cash compensation of approximately RMB6,691,000.

2. LAND RESUMPTION COMPENSATION AGREEMENT

The principal terms of the Land Resumption Compensation Agreement are set out as follows:

Date	19 July 2019
Parties	(i) Ginkgo Asset Management, a consolidated affiliated entity of the Company (ii) Chengdu PDLRC

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Chengdu PDLRC is a government authority in Chengdu, Sichuan Province, the PRC, and is an Independent Third Party.

Location and status of the Resumption Land	No. 60, Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province (四川省成都市郫都區紅光鎮廣場路北二段60號)
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As at the date of this announcement, the Resumption Land remained undeveloped and was bare land.

Total site area of the Resumption Land	5,027.6 sq.m.
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Land Resumption Compensation	The Land Resumption Compensation amounted to approximately RMB6,691,000.
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The Land Resumption Compensation was determined after arm's length negotiations between Ginkgo Asset Management and Chengdu PDLRC with reference to, among others, the laws, regulations, and procedures applicable to resumption of state-owned land in Pidu District and the valuation reports prepared by independent valuers engaged by Ginkgo Asset Management and Chengdu PDLRC respectively.

Surrender of the Resumption Land Gingko Asset management shall surrender the original state-owned land use rights certificate of the Resumption Land to Chengdu PDLRC and enter into a land use rights delivery agreement to deliver the land use rights of the Resumption Land to Chengdu PDLRC within five (5) business days of signing of the Land Resumption Compensation Agreement.

Terms of payment The Land Resumption Compensation shall be payable by Chengdu PDLRC in cash within 15 business days of signing of the Land Resumption Compensation Agreement and upon delivery of the Resumption Land.

3. INFORMATION ON THE PARTIES INVOLVED

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is a higher education service provider in Sichuan Province, the PRC.

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

Chengdu PDLRC is a PRC government authority under Chengdu Pidu District Municipal Bureau of Planning and Natural Resource (成都市郫都區國土資源局) to effect the Resumption on behalf of the Pidu District government.

4. REASONS FOR AND BENEFITS OF THE LAND RESUMPTION COMPENSATION AGREEMENT

In 2015, the Pidu District government announced a tram transformation project involving the Resumption Land, and Gingko Asset Management was informed of the planned requisition of the Resumption Land.

As mentioned in the paragraph head “2. Land Resumption Compensation Agreement”, as at the date of this announcement, the Resumption Land remained undeveloped and was bare land. Therefore, the Board considers that there would not be any material adverse impact on the business operation of the Group as a result of the Resumption.

The carrying amount of the Resumption Land was approximately RMB691,000 as at 31 December 2018, being the date to which the latest audited financial statements of the Group were made up. The Group expects to record a gain attributable to the owners of the Company of approximately RMB6,000,000 arising from the Resumption, which is an estimated amount based on the difference between the Land Resumption Compensation and the carrying amount of the Resumption Land as at the date of the Land Resumption Compensation Agreement. The actual amount of gain to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Resumption Land, and accordingly it may be different from the amount stated above. The Directors consider the terms of the Land Resumption Compensation Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds of the Land Resumption Compensation will be principally applied as the general working capital of the Group.

5. LISTING RULES IMPLICATION

As the highest of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Resumption exceeds 5% but is less than 25%, the Resumption constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

6. DEFINITIONS

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

“Board”	the board of Directors
“Chengdu PDLRC”	成都市郫都區土地儲備中心 (Chengdu Pidu District Land Reserve Centre*), a PRC government authority under the 成都市郫都區國土資源局 (Chengdu Pidu District Municipal Bureau of Planning and Natural Resource*)
“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)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is (are) independent of the Group and the connected persons of the Group
“Land Resumption Compensation”	the compensation payable to Gingko Asset Management by Chengdu PDLRC in respect of the requisition of the Resumption Land pursuant to the Land Resumption Compensation Agreement
“Land Resumption Compensation Agreement”	收回部分國有土地使用權補償協定書 (the land compensation agreement for resumption of part of the state-owned land use rights*) dated 19 July 2019 entered into between Gingko Asset Management and Chengdu PDLRC
“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 only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Resumption”	the resumption of the Resumption Land by Chengdu PDLRC pursuant to the Land Resumption Compensation Agreement

“Resumption Land”	portion of a parcel of land located at No. 60, Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province (四川省成都市郫都區紅光鎮廣場路北二段60號) involving a site area of approximately 5,027.6 sq. m.
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	Shareholders of the Company
“sq. m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 19 July 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*