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China Beststudy Education Group

卓越教育集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3978)

DISCLOSEABLE TRANSACTIONS

(I) SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS WITH INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

(II) SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS WITH CHINA EVERBRIGHT BANK COMPANY LIMITED

(III) SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS WITH CHINA CITIC BANK

The Board announces that between 6 March 2019 and 9 March 2020, the Company subscribed certain wealth management products offered by ICBC, CEB and CITIC, the summary of which are as follows:

(I) ICBC

The Company made 13 subscriptions for two wealth management products offered by ICBC (the “**ICBC Wealth Management Products**”) at the subscription amount of RMB448.8 million in aggregate (collectively, the “**ICBC Subscriptions**”) between 6 March 2019 and 25 February 2020.

(II) CEB

The Company made four subscriptions for two wealth management products offered by CEB (the “**CEB Wealth Management Products**”) at the subscription amount of RMB200 million in aggregate (collectively, the “**CEB Subscriptions**”) between 1 August 2019 and 8 January 2020.

(III) CITIC

The Company made 19 subscriptions for three wealth management products offered by CITIC (the “**CITIC Wealth Management Products**”) at the subscription amount of approximately RMB583.5 million in aggregate (collectively, the “**CITIC Subscriptions**”) between 3 April 2019 and 9 March 2020.

As at the date of this announcement, out of the ICBC Subscriptions, CEB Subscriptions and CITIC Subscriptions, RMB448.8 million, RMB82.133 million and RMB582.48 million have been redeemed by the Company respectively.

LISTING RULES IMPLICATIONS

As each of (i) ICBC Wealth Management Products, (ii) CEB Wealth Management Products and (iii) CITIC Wealth Management Products were subscribed with the same banks and are of similar nature, they will, in each case, be aggregated and treated as if there were one transaction with that bank for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, on an aggregate basis, in respect of each of the (i) ICBC Subscriptions, (ii) CEB Subscriptions and (iii) CITIC Subscriptions exceed 5% but are less than 25%, therefore the Subscriptions constitute discloseable transactions of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of each of the (i) ICBC Wealth Management Products, (ii) CEB Wealth Management Products and (iii) CITIC Wealth Management Products as and when such obligations arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional oversight. The failure to make timely disclosure was due to a misunderstanding that the nature of these Wealth Management Products was akin to a bank deposit, which would not constitute a "transaction" under Chapter 14 of the Listing Rules, taking into account the relatively low-risk and flexible redemption nature of these Wealth Management Products. Recently, upon preparation of the Company's annual report and devising business plans ahead, relevant business units revisited relevant transactions, and sought advices from the Board and professional advisers on the Listing Rules implications. Accordingly, the Company is advised to publish this announcement with Directors' approval as soon as practicable.

SUBSCRIPTION OF ICBC WEALTH MANAGEMENT PRODUCTS

The Board announces that between 6 March 2019 and 25 February 2020, the Company subscribed ICBC Wealth Management Products, the principal terms of which are set out below:

The First ICBC Wealth Management Product

Subscription dates:	6 May 2019, 7 May 2019, 27 August 2019, 13 November 2019 (two subscriptions), 14 November 2019, 18 November 2019, 21 November 2019, 17 December 2019, 24 February 2020 and 25 February 2020 (two subscriptions)
Parties:	(i) the Company; and (ii) ICBC To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, ICBC and its ultimate beneficial owner(s) are Independent Third Parties.
Name of product:	Guangying No.1 Legal Representative Open-ended Net Value RMB Wealth Management Product* (17GZ001C) (廣贏一號法人開放淨值型人民幣理財產品17GZ001C)
Currency of investment and return:	RMB
Term of product and redemption:	There is no fixed term and the product can be redeemed by the Company at its discretion on any working day with fund transfer on T+1 basis
Principal amounts of subscription:	RMB10 million, RMB20 million, RMB45 million, RMB20 million, RMB40million, RMB50 million, RMB102.6 million, RMB6.2 million, RMB40 million, RMB8 million, RMB0.04 million and RMB56.96 million, respectively
Type of product and risk rating:	The product is open-ended non principal-guaranteed with floating return and is regarded as a low-risk product by ICBC
Expected return:	3.5%
Investment scope of product:	To invest mainly in assets in compliance with regulatory requirements, including but not limited to bonds, deposits, money market funds, bond funds, pledged and buyout repurchases, and investment in banker's acceptances. Moreover, the product may be used in financial businesses such as pledge of deposit and repurchase of bonds due to the demand of liquidity

The Second ICBC Wealth Management Product

Subscription date: 6 March 2019

Parties: (i) the Company; and

(ii) ICBC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, ICBC and its ultimate beneficial owner(s) are Independent Third Parties.

Name of product: Ruyi Life "Xin Wenli" core optimization half-year fixed wealth management product Phase 1* (pa040201) (如意人生“鑫穩利”核心優選半年定期開放淨值型理財產品第1期 (pa040201))

Currency of investment and return: RMB

Term of product and redemption: There is no fixed term and the product can be redeemed by the Company by appointment on any working day. The redemption made by the Company is confirmed on a T+2 basis

Principal amount of subscription: RMB50 million

Type of product and risk rating: The product, being a product in fixed income category, is non-principal-guaranteed with floating return and is regarded as a relatively low-risk product by ICBC

Expected return: 3.5%-4.0%

Investment scope of product: To invest mainly in debt assets, including money market instruments, bonds and other assets in compliance with regulatory requirements

As at the date of this announcement, the ICBC Subscriptions, amounting to an aggregate of RMB448.8 million, have been fully redeemed by the Company.

SUBSCRIPTION OF CEB WEALTH MANAGEMENT PRODUCTS

The Board announces that between 1 August 2019 and 8 January 2020, the Company subscribed CEB Wealth Management Products, the principal terms of which are set out below:

The First CEB Wealth Management Product

Subscription date:	1 August 2019
Parties:	(i) the Company; and (ii) CEB To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CEB and its ultimate beneficial owner(s) are Independent Third Parties.
Name of product:	China Everbright Bank Yangguangbi Jigouying* (EB1669) (中國光大銀行陽光碧機構盈(EB1669))
Currency of investment and return:	RMB
Term of product and redemption:	There is no fixed term and the product can be redeemed by the Company at its discretion on any working day
Principal amount of subscription:	RMB50 million
Type of product and risk rating:	The product, being a product in fixed income category, is open-ended non principal-guaranteed with floating return and is regarded as a relatively low-risk product by CEB
Expected return:	One-year fixed deposit interest rate announced by the People's Bank of China
Investment scope of product:	To invest mainly in assets in compliance with regulatory requirements, including but not limited to cash, bank deposits of term within one year (inclusively), bond repurchase, central bank bills, interbank deposit certificate, bonds with remaining period within 397 days (inclusively), asset-backed securities, non-financial corporate debt financing instruments and other money market instruments with good liquidity recognized by the banking regulatory agency.

The Second CEB Wealth Management Product

Subscription dates: 7 August 2019, 18 December 2019 and 8 January 2020

Parties: (i) the Company; and

(ii) CEB

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CEB and its ultimate beneficial owner(s) are Independent Third Parties.

Name of product: China Everbright Bank Yangguang Jinritianli No. 1 Wealth Management Product* (EB1068) (中國光大銀行陽光金日添利1號理財產品(EB1068))

Currency of investment and return: RMB

Term of product and redemption: There is no fixed term and the product can be redeemed by the Company at its discretion on any working day

Principal amounts of subscription: RMB50 million, RMB50 million and RMB50 million

Type of product and risk rating: The product, being a product in fixed income category, is open-ended non principal-guaranteed with floating return and is regarded as a relatively low-risk product by CEB

Expected return: 3.90%-5.0%

Investment scope of product: To invest mainly in domestic floating income financial instruments, including standardized deposit assets such as bank deposits, money market instruments, and bonds, and public offering asset management products.

As at the date of this announcement, out of the CEB Subscriptions amounting to an aggregate of RMB200 million, RMB82.133 million have been redeemed by the Company.

SUBSCRIPTION OF CITIC WEALTH MANAGEMENT PRODUCTS

The Board announces that between 3 April 2019 and 9 March 2020, the Company subscribed CITIC Wealth Management Products, the principal terms of which are set out below:

The First CITIC Wealth Management Product

Subscription date:	3 April 2019
Parties:	(i) the Company; and (ii) CITIC To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CITIC and its ultimate beneficial owner(s) are Independent Third Parties.
Name of product:	CITIC Financial Management Win-win Stable Half year First period RMB Wealth Management Product (A192C4292) (中信理財之共贏穩健啓信半年定開一期人民幣理財產品 (A192C4292))
Currency of investment and return:	RMB
Term of product and redemption:	There is fixed term till 7 April 2022 but the product can be redeemed by the Company at its discretion on any working day with fund transfer on T+3 basis
Principal amount of subscription:	RMB31.48 million
Type of product and risk rating:	The product, being a product in fixed income category, is open-ended with floating return and is regarded as a relatively low-risk product by CITIC
Expected return:	4.35% (subject to adjustment)
Investment scope of product:	To invest mainly in debt assets, including but not limited to cash, deposits, inter-bank certificates of deposit, currency funds and other money market assets, central bank bills, government agency bonds, financial bonds, corporate credit bonds, asset-backed securities issued in the interbank market and stock exchange markets, non-public targeted debt financing instruments and other fixed income assets.

The Second CITIC Wealth Management Product

Subscription dates:	4 April 2019, 11 June 2019, 18 June 2019, 23 July 2019, 26 July 2019, 5 August 2019 (four subscriptions), 3 September 2019 (two subscriptions), 30 September 2019, 8 November 2019 (two subscriptions), 12 November 2019, 3 January 2020 and 21 February 2020	
Parties:	<p>(i) the Company; and</p> <p>(ii) CITIC</p> <p>To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CITIC and its ultimate beneficial owner(s) are Independent Third Parties.</p>	
Name of product:	CITIC Financial Management Win-win Stable Day-day RMB Wealth Management Product* (A181C9424) (中信理財之共贏穩健天天利人民幣理財產品(A181C9424))	
Currency of investment and return:	RMB	
Term of product and redemption:	There is a fixed term till 17 September 2021 and the product can be redeemed by the Company at its discretion on any working day with fund transfer on T+2 basis	
Principal amounts of subscriptions and their respective dates:	4 April 2019:	RMB5 million
	11 June 2019:	RMB8 million
	18 June 2019:	RMB5 million
	23 July 2019:	RMB30 million
	26 July 2019:	RMB20 million
	5 August 2019:	RMB122 million (four subscriptions)
	3 September 2019:	RMB27 million (two subscriptions)
	30 September 2019:	RMB15 million
	8 November 2019:	RMB29 million (two subscriptions)
	12 November 2019:	RMB50 million
	3 January 2020:	RMB230 million
	21 February 2020:	RMB10 million

Type of product and risk rating:	The product, being a product in fixed income category, is open-ended with floating return and is regarded as a relatively low-risk product by CITIC
Expected return:	7-day notice deposit interest rate announced by the People's Bank of China
Investment scope of product:	To invest mainly in currency market and fixed income assets, including but not limited to cash, deposits, currency funds, bonds and asset-backed securities.

The Third CITIC Wealth Management Product

Subscription date:	9 March 2020
Parties:	(i) the Company; and (ii) CITIC To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CITIC and its ultimate beneficial owner(s) are Independent Third Parties.
Name of product:	Win-win and Steady Short Debt Weekly Net Worth RMB Wealth Management Product* (A203C8565) (中信理財之共贏穩健短債周開淨值型人民幣理財產品) (A203C8565)
Currency of investment and return:	RMB
Term of product and redemption:	There is a fixed term till 31 December 2099 but the product can be redeemed by the Company at its discretion on any working day with fund transfer on T+3 basis
Principal amount of subscription:	RMB1 million
Type of product and risk rating:	The product, being a product in fixed income category, is open-ended with floating return and is regarded as a low-risk product by CITIC
Expected return:	China Bond Comprehensive Wealth Index (below one year)
Investment scope of product:	To invest mainly in debt assets, including but not limited to cash, deposits, inter-bank certificates of deposit, currency funds and other money market assets, central bank bills, government agency bonds, financial bonds, corporate credit bonds, asset-backed securities issued in the interbank market and stock exchange markets, non-public targeted debt financing instruments and other fixed income assets.

As at the date of this announcement, out of the CITIC Subscriptions amounting to an aggregate of RMB583.5 million, RMB582.48 million have been redeemed by the Company.

Basis of determination for the consideration

The Directors confirmed that the considerations of the Subscriptions were determined on the basis of commercial terms negotiated at arm's length between the Company and ICBC, CEB and CITIC, having considered the then available surplus cash of the Company for treasury management purpose.

Reasons for and benefits of purchasing the Wealth Management Products

Each of the Wealth Management Products is characterised by its flexible nature of redemption and convenient trading, and the Subscriptions were used by the Company for treasury management purpose in order to maximize its return on the surplus cash received from its business operations. The Group expects that the Wealth Management Products will earn a better yield than current deposits generally offered by commercial banks in the PRC while at the same time offer flexibility to the Group in terms of treasury management. As such, the Directors are of the view that the terms of each of the Wealth Management Products is fair and reasonable and each subscription is in the interests of the Company and the Shareholders as a whole.

The Group implemented adequate and appropriate internal control procedures to ensure the subscriptions would not affect the working capital or the operations of the Group, and that such investments would be conducted on the principle of protecting the interests of the Group and the Shareholders as a whole.

Information on the Company

The Company is principally engaged in the provision of preparing kindergarten students for their transition into primary school to Grade 12 after-school education services in Mainland China.

Information on ICBC

ICBC is a licensed bank incorporated under the laws of the PRC and engaged in commercial bank business.

Information on CEB

CEB is a licensed bank incorporated under the laws of the PRC and engaged in commercial bank business, including retail banking, corporate banking and treasury operation, etc.

Information on CITIC

CITIC is a licensed bank incorporated under the laws of the PRC and engaged in corporate finance, retail finance, financial markets and other businesses.

LISTING RULES IMPLICATIONS

As each of (i) ICBC Wealth Management Products, (ii) CEB Wealth Management Products and (iii) CITIC Wealth Management Products were subscribed with the same banks and are of similar nature, they will, in each case, be aggregated and treated as if there were one transaction with that bank for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, on an aggregate basis, in respect of each of the (i) ICBC Subscriptions, (ii) CEB Subscriptions and (iii) CITIC Subscriptions exceed 5% but are less than 25%, therefore the Subscriptions constitute discloseable transactions of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of each of the (i) ICBC Wealth Management Products, (ii) CEB Wealth Management Products and (iii) CITIC Wealth Management Products as and when such obligations arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional oversight. The failure to make timely disclosure was due to a misunderstanding that the nature of these Wealth Management Products was akin to a bank deposit, which would not constitute a "transaction" under Chapter 14 of the Listing Rules, taking into account the relatively low-risk and flexible redemption nature of these Wealth Management Products. Recently, upon preparation of the Company's annual report and devising business plans ahead, relevant business units revisited relevant transactions, and sought advices from the Board and professional advisers on the Listing Rules implications. Accordingly, the Company is advised to publish this announcement with Directors' approval as soon as practicable.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent and unintentional. To prevent similar non-compliance from occurring in the future, the Company has implemented the following remedial actions with immediate effect:

1. In preparing for the 2019 annual report, the Company has conducted a comprehensive review and self-examination of the purchase of wealth management products in 2019, and hereby makes a supplementary announcement on all financial products that should have been disclosed but were not previously disclosed;

2. With the assistance of the legal advisers and its compliance adviser, the Company further understands the definition of a wealth management product and will also adopt and circulate “the Group’s cash management disclosure rules and operation guidelines” (《集團現金管理相關披露規則及操作指引》), to remind the responsible staff, senior management and Directors and strengthen their ability to identify the circumstances which trigger the announcement requirement under the Listing Rules and potential problems at an early stage to avoid the recurrence of such non-compliance matters;
3. The Company will circulate a detailed guideline relating to notifiable and connected transactions under the Listing Rules and offer regular training to remind the responsible staff, senior management and Directors in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at early stage;
4. The Company will work more closely with its internal legal advisers and its compliance adviser on compliance issues; and
5. The Company shall, as and when appropriate and necessary, consult other professional adviser before entering into possible notifiable transaction.

Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors of the Company;
“CEB”	China Everbright Bank Company Limited (中國光大銀行股份有限公司), a licensed bank incorporated under the laws of the PRC;
“CITIC”	China CITIC Bank (中信銀行), a licensed bank incorporated under the laws of the PRC;
“Company”	China Beststudy Education Group 卓越教育集團*, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 3978);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“ICBC”	Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a licensed bank incorporated under the laws of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	The ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriptions”	ICBC Subscriptions, CEB Subscriptions and CITIC Subscriptions;
“Wealth Management Products”	ICBC Wealth Management Products, CEB Wealth Management Products and CITIC Wealth Management Products; and
“%”	percentage.

* For identification purposes only

By order of the Board
China Beststudy Education Group
Junjing Tang
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Junjing Tang, Mr. Junying Tang and Mr. Gui Zhou, the non-executive Director is Mr. Wenhui Xu, and the independent non-executive Directors are Mr. Yingmin Wu, Ms. Yu Long and Mr. Peng Xue.