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China Chuanglian Education Group Limited
中國創聯教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

VOLUNTARY ANNOUNCEMENT

**PARTICIPATION IN THE PROMOTION AND ESTABLISHMENT OF
XINMEI MUTUAL LIFE INSURANCE AGENCY***

**PARTICIPATION IN THE PROMOTION AND ESTABLISHMENT OF XINMEI
MUTUAL LIFE INSURANCE AGENCY* (信美人壽相互保險社)**

On 25 December 2015, Chuanglian Zhongren, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement, pursuant to which, Chuanglian Zhongren intended to lend its own funds to jointly promote the establishment of Xinmei Mutual Life Insurance Agency* (to be established) (a provisional name subject to the business registration, hereinafter referred to as the “Xinmei Mutual Life (to be established)”) with Zhejiang Ant Small and Micro Financial Services Group Ltd. (浙江螞蟻小微金融服務集團有限公司), Tianhong Asset Management Co. Ltd. (天弘基金管理有限公司), Guojin Dingxing Investment Co. Ltd. (國金鼎興投資有限公司), Chengdu Jiachen Investment Management Co. Ltd.* (成都佳辰投資管理有限公司), Beijing Yuanwang Venture Capital Investment Co. Ltd.* (北京遠望創業投資有限公司), By-Health Co., Ltd. (湯臣倍健股份有限公司), Shenzhen Xinguodu Technology Co., Ltd.* (深圳市新國都技術股份有限公司) and Shenzhen Tempus Global Business Service Holdings Ltd.* (深圳市騰邦國際商業服務股份有限公司). The initial working capital of Xinmei Mutual Life (to be established) is RMB1 billion, among which, the Company will propose to lend RMB25 million through its own funds, representing 2.5% of the initial working capital of Xinmei Mutual Life (to be established).

On 22 June 2016, the Company received a notice from the preparatory team of Xinmei Mutual Life (to be established) that Xinmei Mutual Life Insurance Agency (to be established), which the Company participated in the promotion and establishment, received the Approval of Preparation for Establishment of Xinmei Mutual Life Insurance Agency* (Bao Jian Xu Ke No.[2016] 551) from the China Insurance Regulatory Commission (hereinafter referred to as the “CIRC”) on 22 June 2016, pursuant to which, Chuanglian Zhongren and the above eight companies were approved to jointly promote the establishment of Xinmei Mutual Life Insurance Agency* (to be established).

IMPLICATIONS UNDER THE LISTING RULES

Upon the execution of the Promoters Agreement, the performance of the Promoters Agreement and the establishment of Xinmei Mutual Life (to be established) shall be subject to, including but not limited to the approvals from such government authorities as China Insurance Regulatory Commission and etc. As all the applicable percentage ratios under Rule 14.07 of the Listing Rules are less than 5%, neither the execution of the Promoters Agreement, nor the commitment to raising and paying the initial working capital constitutes a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

This announcement is made by China Chuanglian Education Group Limited (the “Company”) on a voluntary basis, for the purpose of providing the latest information to its shareholders and prospective investors in relation to the fact that Xinmei Mutual life Insurance Agency* (to be established), which the Company participated in the promotion and establishment, received the approval in respect to preparation for establishment from the CIRC.

I. PROMOTION AND ESTABLISHMENT

On 25 December 2015, Chuanglian Zhongren, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement, pursuant to which, Chuanglian Zhongren intended to lend its own funds to jointly promote the establishment of Xinmei Mutual Life Insurance Agency* (to be established) (a provisional name subject to the business registration, hereinafter referred to as the “Xinmei Mutual Life (to be established)”) with Zhejiang Ant Small and Micro Financial Services Group Ltd. (浙江螞蟻小微金融服務集團有限公司), Tianhong Asset Management Co. Ltd. (天弘基金管理有限公司), Guojin Dingxing Investment Co. Ltd. (國金鼎興投資有限公司), Chengdu Jiachen Investment Management Co. Ltd.* (成都佳辰投資管理有限公司), Beijing Yuanwang Venture Capital Investment Co. Ltd.* (北京遠望創業投資有限公司), By-Health Co., Ltd. (湯臣倍健股份有限公司), Shenzhen Xinguodu Technology Co., Ltd.* (深圳市新國都技術股份有限公司) and Shenzhen Tempus Global Business Service Holdings Ltd.* (深圳市騰邦國際商業服務股份有限公司). The initial working capital of Xinmei Mutual Life (to be established) is RMB1 billion, among which, the Company intends to lend RMB25 million through its own funds, representing 2.5% of the initial working capital of Xinmei Mutual Life (to be established).

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The principal contents of the approval are set out below:

II. PURPOSE OF CAPITAL CONTRIBUTION

The Company is principally engaged in the provision of the online training and education services in the PRC and mainly focuses on providing online vocational training and online education services in mainland China. In addition to the above education training services, the Company is committed to become a lifelong and comprehensive service partner of its end-users by providing other services and products that are in line with its own interests.

Along the promulgation of the “New Ten Guidelines” for the domestic insurance industry in the PRC in 2014 and the issuance of the Trial Measures on Regulation of Mutual Insurance Agencies (《相互保險組織監管試行辦法》) in early 2015, mutual insurance gradually shows its unique strategic value through its characteristics of being capable of cover those insurance fields where commercial insurance is difficult to or may lack an incentive to access, and social insurance is unable to cover, for those users who have insurance demand but are unable to identify suitable products in the market.

The directors of the Company consider that, by jointly promoting the establishment of Xinmei Mutual Life Insurance Agency* (to be established) to form a strategic layout of the internet finance and mutual insurance fields in the PRC, the Company has attempted to utilize its internet-based platforms and leverage on the intensive penetration of its “互聯網+” (Internet+) service model to provide mutual insurance products to the users for whom the Company is providing or will provide services in the future. On one hand, as a result of such efforts, it will intensify the direct contact between the Company and such users (as end-users), and help further enhance the brand loyalty; on the other hand, it can also strengthen the business footprint and competitiveness of the Company, and assist the Company to accelerate to achieve a leap growth in its existing online vocational training and education service scale, which in turn provides commercial opportunities to support the Company in improving its business ecosystem and facilitating the diversification of its operating structure. On this basis and taking into account the development strategies of the Company, the directors consider that the Company joining in the promotion of Xinmei Mutual Life Insurance Agency* (to be established) will help promoting its status in the online vocational training and education service fields as well as increasing the income stream of the Group. Such terms and conditions of the relevant Promoters Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

III. RISK FACTORS

(1) Risk relating to approval

The Company has obtained the approval in respect of the establishment of Xinmei Mutual Life (to be established) from the CIRC, however, Xinmei Mutual Life (to be established) is still required to complete the work for such establishment within one year from the receipt of the approval notice and the commencement of operation is subject to the approval of the CIRC. Objectively, there is a possibility that no approval will be granted, and therefore there are uncertainties as to the implementation of this fund lending scheme.

(2) No cash inflows may be generated in the short term

If the application of Xinmei Mutual Life (to be established) for commencement of operation has been approved by the CIRC, there are still risks that no cash inflows will be generated on such lent-out funds in the short term as Xinmei Mutual Life (to be established) needs a period of time to operate and generate revenue and it takes longer time to generate profits. No cash inflows will be generated from the interest accrued on the initial working capital until the accumulated earnings of Xinmei Mutual Life (to be established) reach the amount of the initial working capital.

(3) Potential risk relating to cash outflows

Pursuant to the regulatory requirements of the CIRC in respect of the solvency of insurance agencies, in the event that Xinmei Mutual Life (to be established) becomes insolvent, it shall be obligated to inject additional working capital as one of the major promoters, in which case, there will be risks that a substantial amount of cash outflows may happen.

(4) Risk that the initial working capital may be written down

Pursuant to the regulatory requirements of the CIRC in respect of the attributes of the initial working capital of mutual insurance agencies, if the accumulated losses of Xinmei Mutual Life (to be established) reach 50% of its initial working capital or if there are evidences indicating that the loss-making trend is irreversible, there are risks that the loan principal and interest accrued thereon will be written down in full based on the amount of such losses.

(5) Risk relating to competition

Under the guidance of the “New Ten Guidelines” and the Trial Measures on Regulation of Mutual Insurance Agencies (《相互保險組織監管試行辦法》), the insurance industry demonstrated a new trend of rapid growth. However, other competent companies may also set up mutual insurance agencies to conduct similar businesses. As a newly-established mutual life insurance agency, it is subject to competition risks in the new market landscape.

IV. IMPLICATIONS UNDER THE LISTING RULES

Upon the execution of the Promoters Agreement, the performance of the Promoters Agreement and the establishment of Xinmei Mutual Life (to be established) shall be subject to, including but not limited to the approvals from such government authorities as China Insurance Regulatory Commission and etc. As all the applicable percentage ratios under Rule 14.07 of the Listing Rules are less than 5%, neither the execution of the Promoters Agreement, nor the commitment to raising and paying the initial working capital constitutes a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

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

Hong Kong, 22 June 2016

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

** For identification purpose only*