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HOPE EDUCATION GROUP CO., LTD.

希望教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code:1765)

DISCLOSEABLE TRANSACTION

**PROJECT INVESTMENT IN RELATION TO THE OVERALL RELOCATION
AND RECONSTRUCTION OF SICHUAN VOCATIONAL COLLEGE OF
CULTURE & COMMUNICATION (TO PREPARE THE ESTABLISHMENT
OF AN UNDERGRADUATE COLLEGE)**

**Overall Relocation and Reconstruction of Sichuan Vocational College of
Culture & Communication**

The Board is pleased to announce that, on 8 May 2019, Sichuan Hope Education and the People's Government of Jianyang City entered into the Project Investment Agreement in relation to investment in the overall relocation and reconstruction of the Sichuan Vocational College of Culture & Communication (to prepare the establishment of an undergraduate college). The project aims to complete the transformation from a junior college to undergraduate college during the "14th Five-Year Plan" period. As a result, the Group intends to establish a new campus of Sichuan Vocational College of Culture & Communication in Jianyang City. Within six months of the completion of the new campus, the Group intends to relocate Sichuan Vocational College of Culture & Communication into Jianyang City as a whole, and submit an application for the establishment of undergraduate institutions to the Ministry of Education. The total investment in the project is estimated to be RMB1.5 billion in installments.

Acquisition of Land Use Right

Pursuant to the Project Investment Agreement, Sichuan Hope Education will acquire the state-owned land use right of the Land Parcel through the process of listing and public auction. Comprising the commercial land (for educational and scientific research purposes) with a total site area of approximately 500 mu (approximately 333,335 sq.m.) and the type II residential land (for teaching facilities purpose) with a total site area of approximately 200 mu (approximately 133,334 sq.m.), the Land Parcel is located at the Second, Third, Fourth and Fifth Groups of Duba Village, Shiqiao Town, within the planned area of the “University Town” of Jianyang City, Sichuan Province, the PRC. The acquisition consideration for the Land Parcel shall be equal to the actual final bid price. The Group currently plans to build a campus with an area of approximately 200,000 sq.m. on the Land Parcel.

LISTING RULES IMPLICATION

As the applicable percentage ratios as calculated according to Chapter 14 of the Listing Rules in respect of the transaction under the Project Investment Agreement exceed 5% but are less than 25%, the transaction under the Project Investment Agreement constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Introduction

The Board is pleased to announce that, on 8 May 2019, Sichuan Hope Education and the People’s Government of Jianyang City entered into the Project Investment Agreement in relation to investment in the overall relocation and reconstruction of the Sichuan Vocational College of Culture & Communication (to prepare the establishment of an undergraduate college). The project aims to complete the transformation from a junior college to undergraduate college during the “14th Five-Year Plan” period. As a result, the Group intends to establish a new campus of Sichuan Vocational College of Culture & Communication in Jianyang City. Within six months of the completion of the new campus, the Group intends to relocate Sichuan Vocational College of Culture & Communication into Jianyang City as a whole, and submit an application for the establishment of undergraduate institutions to the Ministry of Education. The total investment in the project is estimated to be RMB1.5 billion in installments.

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Main Terms of the Project Investment Agreement

Date:	8 May 2019
Parties:	(1) the People’s Government of Jianyan City; and (2) Sichuan Hope Education.
Subject matter:	Pursuant to the Project Investment Agreement, Sichuan Hope Education intends to invest in the construction of the new campus of Sichuan Vocational College of Culture & Communication on the Land Parcel. Pursuant to the terms of the aforesaid agreement, the People’s Government of Jianyang City agrees to provide administrative support for the establishment of the new campus of Sichuan Vocational College of Culture & Communication, including without limitation to proceeding with and completing the site selection plan, and the timely obtaining of project land use indicators according to relevant policies, achieving the project’s “nine accessions (九通)” (including: accession to road, tap water, rainwater, sewage, electricity, natural gas, communication, fiber-optic network, cable TV) to the red line of the project in satisfaction with need of campus construction and design, guiding Sichuan Hope Education to deal with the approval procedures and processing the issuance of the “Real Estate Certificate” of the Land Parcel for the project in due course, and establishing a project construction coordination team to facilitate coordination services of the project.

Location of the Land Parcel:	The Land Parcel is located at the Second, Third, Fourth and Fifth Group of Duba Village, Shiqiao Town, within the planned area of “University Town” of Jianyang City, Sichuan Province.
Total site area:	The Land Parcel comprises commercial land (for educational and scientific research purposes) with a total site area of approximately 500 mu (approximately 333,335 sq.m.), and type II residential land (for teaching facilities purpose) of a total site area of approximately 200 mu (approximately 133,334 sq.m.).
Use of the Land Parcel:	Pursuant to the Project Investment Agreement, the Group plans to construct certain school buildings on the Land Parcel to establish a new campus. The Group will construct certain buildings and facilities surrounding the campus as the ancillary facilities of Sichuan Vocational College of Culture & Communication, so as to meet the livelihood and service demand of teachers and students thereof.
Term of the land use right:	The term of the land use right for the commercial land (for educational and scientific research purposes) is 50 years from the date of transfer, and the term of the land use right for the type II residential land (for teaching facilities purpose) is 70 years from the date of transfer.
Consideration and terms of payment:	<p>The total amount of the project investment is RMB1.5 billion (including the cost for acquiring the use right of state-owned construction land of the Land Parcel, which is based on the actual final bid price, and the investment will be paid in installments over multi-year periods).</p> <p>The commercial land (for educational and scientific research purposes) is supplied by way of listing, whose initial bidding price shall not be lower than 70% of the appraised value of the land parcel to be transferred, and Sichuan Vocational College of Culture & Communication placed a bid for the land. The type II residential land (for teaching facilities purpose) is supplied by way of public auction, whose initial bidding price shall not be lower than the market appraised price, and a qualified company established by Sichuan Hope Education in Jianyang City participated in the bidding for the land.</p>

The People's Government of Jianyang shall deliver the 500 mu of commercial land (for educational and scientific research purposes) to Sichuan Vocational College of Culture & Communication within 18 months from the date of signing the Project Investment Agreement. Within 30 working days after Sichuan Vocational College of Culture & Communication obtaining the use right of the state-owned construction land as required and filing all the relevant information and settling the land premium, the People's Government of Jianyang should complete the procedure for obtaining the property rights certificate of the project land.

Basis of consideration: The consideration has been arrived at after taking into consideration, among other things, the school education levels of Sichuan Vocational College of Culture & Communication, the number of students, the investment estimate required by the education authority for campus construction of an undergraduate college, after arm's length negotiation.

Source of fund: The Group expects that the investment amount of approximately RMB200 million will be paid by the proceeds from the global offering of the Group conducted in August 2018, and other investment amounts will be funded on a yearly basis by means of operating income surplus of the college or government subsidies (if any), etc.

REASONS FOR AND BENEFITS FROM THE RELOCATION AND RECONSTRUCTION

During the 2018/2019 school year, the number of students enrolled in the Group's schools (including Sichuan Hope Automotive Vocational College* (四川希望汽車技師學院)) was 86,033. As one part of the Group's development strategies, we are committed to improve the education quality in existing schools and increase the enrollment scale. The construction of the new campus in Jianyang will greatly improve the education quality and the business scale of Sichuan Vocational College of Culture & Communication, thereby further enhancing the school brand of the Group and its influence in private education.

The new campus in Jianyang is expected to be put into operation in 2021 with a total capacity to accommodate no less than 15,000 students. Upon the completion of campus construction, the Group will actively carry out the corresponding work of the preparation for establishment of an undergraduate college in accordance with the Interim Provisions on Standards of Establishment of Regular Undergraduate Colleges (《普通本科學校設置暫行規定》) issued by the Ministry of Education in compliance with the requirements imposed by relevant authorities from the aspects of equipments and facilities and faculty force.

Considering the above, the Directors (including the independent non-executive Directors) consider that the Project Investment Agreement has been entered into on normal commercial terms, and the terms of the transaction thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Project Investment Agreement or was required to abstain from voting on the Board resolutions for considering and approving the same.

LISTING RULES IMPLICATION

As the applicable percentage ratios as calculated according to Chapter 14 of the Listing Rules in respect of the transaction under the Project Investment Agreement exceed 5% but are less than 25%, the transaction under the Project Investment Agreement constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY AND SICHUAN HOPE EDUCATION

The Company is an investment holding company and its subsidiaries, including its consolidated affiliated entities, are principally engaged in private formal higher education. Sichuan Hope Education is one of the Company's consolidated affiliated entities and is principally engaged in education management and education industry investment.

INFORMATION ON THE PEOPLE'S GOVERNMENT OF JIANYANG CITY

The People's Government of Jianyang City is a government authority which is principally engaged in the administrative management and operation. To the best of the knowledge and information of Directors having made all reasonable enquiries, the People's Government of Jianyang City and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Company”	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries, including its consolidated affiliated entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land Parcel”	the parcel of land located at the Second, Third, Fourth and Fifth Group of Duba Village, Shiqiao Town, within the planned area of “University Town” of Jianyang City, Sichuan Province, the PRC, comprising commercial land (for educational and scientific research purposes) with a total site area of 500 mu (approximately 333,335 sq.m.) and type II residential land (for teaching facilities purpose) with a total site area of 200 mu (approximately 133,334 sq.m.);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“People’s Government of Jianyan City”	the People’s Government of Jianyang City, Sichuan Province, a Chinese government authority;
“Project Investment Agreement”	the project investment agreement entered into by Sichuan Hope Education and the People’s Government of Jianyang City on 8 May 2019 in relation to investment in the overall relocation and reconstruction of the Sichuan Vocational College of Culture & Communication (to prepare the establishment of an undergraduate college);

“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of the Company;
“Shareholders(s)”	holder(s) of the Share(s) of the Company;
“Sichuan Hope Education”	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司), a limited liability company established under the laws of PRC on 12 January 2005, one of the Company’s consolidated affiliated entities;
“Sichuan Vocational College of Culture & Communication”	Sichuan Vocational College of Culture & Communication* (四川文化傳媒職業學院), a college established as a higher vocational college in 2005 and acquired by our Group in March 2014;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq.m.”	square metre;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	percentage.

By order of the Board
Hope Education Group Co., Ltd.
Chairman
Xu Changjun

Hong Kong, 8 May 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xu Changjun, Mr. Wang Huiwu and Mr. Li Tao as executive Directors; Mr. Wang Degen, Mr. Tang Jianyuan and Mr. Lu Zhichao as non-executive Directors; and Dr. Gao Hao, Mr. Chen Yunhua and Mr. Zhang Jin as independent non-executive Directors.

** For identification purpose only*