THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hope Education Group Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 AND CONNECTED TRANSACTION ACQUISITION OF 100% INTERESTS IN CHENGDU MAYSUNSHINE EDUCATION MANAGEMENT CO., LTD. AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

Giraffe
智富

Giraffe Capital Limited

A letter from the Independent Board Committee is set out on pages 16 to 17 and a letter from the Independent Financial Adviser is set out on pages 18 to 32 of this circular.

A notice convening an extraordinary general meeting of Hope Education Group Co., Ltd. to be held at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on 10 July 2019 (Wednesday) at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 and EGM-2 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the enclosed proxy form and return it to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting (i.e. by 10:00 a.m. on 8 July 2019 (Monday)) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting(s) should you so wish, and in such event, the proxy shall be deemed to be revoked.

20 June 2019

CONTENTS

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

"Acquisition"	the transfer of the entire interests in Maysunshine from Sichuan Tequ Education to Hope Education pursuant to the Acquisition Agreement
"Acquisition Agreement"	the equity transfer agreement entered into among Hope Education and Sichuan Tequ Education on 8 March 2019 in relation to the Acquisition, as amended by the supplemental agreement entered into among Hope Education and Sichuan Tequ Education on 18 June 2019
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"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
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Acquisition in the amount of RMB70,000,000 (approximately HK$82,553,000)
"Director(s)"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held on 10 July 2019 to consider and approve, among other matters, the Acquisition Agreement and the transaction contemplated thereunder
"Group"	the Company and its subsidiaries, including its consolidated affiliated entities
"Guizhou University"	Guizhou University (貴州大學), one of the school sponsors of the College
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"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
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Acquisition Agreement and the transaction contemplated thereunder
"Independent Financial Adviser"	Giraffe Capital Limited, a licensed corporation which is licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholder(s)"	any Shareholder that is not required to abstain from voting at the EGM to approve the transaction contemplated under the Acquisition Agreement
"Jiexing Huilv"	Guizhou Jiexing Huilv Air Service Consultant Services Limited (貴州捷星慧旅航空空乘諮詢服務有限公司), a limited liability company established under the laws of PRC on 9 September 2010
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer appointed by the Company
"Latest Practicable Date"	13 June 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing"	the listing of the shares of the Company on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Maysunshine"	Chengdu Maysunshine Education Management Co., Ltd. (成都五月陽光教育管理有限公司), a limited liability company established under the laws of the PRC
"MOE"	Ministry of Education of the PRC (中華人民共和國教育部) and the competent education authorities at all levels

"Prospectus"	The prospectus published by the Company on 24 July 2018
"PRC"	the People's Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Legal Adviser"	Tian Yuan Law Firm, legal adviser of the Company as to the PRC laws
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Share(s)"	ordinary share(s) of a nominal value of US$0.00001 each in the share capital of the Company
"Sichuan Tequ Education"	Sichuan Tequ Education Management Limited (四川特驅教育管理有限公司), a limited liability company established under the laws of PRC on 30 November 2017 and the vendor under the Acquisition Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"The College of Science and Technology of Guizhou University" or "The College"	The College of Science and Technology of Guizhou University (貴州大學科技學院), a college established under the laws of PRC in May 2001 and approved by the MOE to be operated under the cooperation between Guizhou University and Jiexing Huilv
"%"	percentage

In this circular, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this circular, amounts denominated in RMB have been converted into HK$ at the rate of RMB0.85=HK$1.00 for illustration purpose only. No representation is made to the effect that any amount in RMB or HK$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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)

Executive Directors:	*Registered Office:*
Mr. Xu Changjun *(Chairman)*	PO Box 309, Ugland House
Mr. Wang Huiwu *(Chief Executive Officer)*	Grand Cayman, KY1-1104
Mr. Li Tao	Cayman Islands
Non-executive Directors:	*Headquarters and principal place of business in China:*
Mr. Wang Degen	5/F, Administrative Building
Mr. Tang Jianyuan	Sichuan TOP IT Vocational Institute
Mr. Lu Zhichao	2000 Xi Qu Avenue, Pidu District
	Chengdu
Independent Non-executive Directors:	PRC
Dr. Gao Hao	
Mr. Chen Yunhua	*Principal place of business in Hong Kong:*
Mr. Zhang Jin	40th Floor, Sunlight Tower
	No. 248 Queen's Road East
	Wanchai
	Hong Kong

20 June 2019

To the Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF 100% INTERESTS IN
CHENGDU MAYSUNSHINE EDUCATION MANAGEMENT CO., LTD.
AND
NOTICE OF EXTRAODINARY GENERAL MEETING

INTRODUCTION

The Board of the Company is pleased to announce that on 8 March 2019, Hope Education (as purchaser) and Sichuan Tequ Education (as vendor) entered into the Acquisition Agreement, pursuant to which Hope Education agreed to acquire the entire interests in Maysunshine from Sichuan Tequ Education at a Consideration of RMB70,000,000 (approximately HK$82,353,000).

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder; (iii) the advice of the Independent Financial Adviser on the Acquisition Agreement and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) the notice convening the EGM.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

Date:

8 March 2019

Parties:

(1) Hope Education (as purchaser); and

(2) Sichuan Tequ Education (as vendor).

Subject of the Acquisition:

Pursuant to the Acquisition Agreement, Hope Education agreed to acquire and Sichuan Tequ Education agreed to sell the entire interests in Maysunshine.

Consideration and payment arrangements:

Pursuant to the Acquisition Agreement, the Consideration for the Acquisition of the entire interests in Maysunshine is RMB70,000,000 (approximately HK$82,353,000), which shall be paid by Hope Education to Sichuan Tequ Education in the following manners:

(i) On the date of the signing of the Acquisition Agreement, Hope Education shall pay RMB30,000,000 (approximately HK$35,294,000) to Sichuan Tequ Education as down payment.

(ii) Hope Education shall pay the remaining Consideration, being RMB40,000,000 (approximately HK$47,059,000), to Sichuan Tequ Education upon the completion of the matters below:

(a) the passing by the Independent Shareholders of the Company at a general meeting of necessary resolution(s) to approve the Acquisition Agreement and the transaction contemplated thereunder (if required by the Listing Rules), if the transaction contemplated under the Acquisition Agreement is not approved by the Independent

Shareholders of the Company within five months from 8 March 2019, the Acquisition Agreement shall be terminated and the abovementioned down payment shall be returned to Hope Education;

(b) all necessary changes of the industrial and commercial registration and filing required to be completed for the transfer of equity interests under the Acquisition Agreement having been completed; and

(c) all relevant documents and information of Maysunshine, Jiexing Huilv and the College held by Sichuan Tequ Education having been transferred to Hope Education.

The Consideration will be funded by the proceeds from the global offering of the Group conducted in August 2018.

Basis of the Consideration:

The Consideration was determined after negotiations between the Company and Sichuan Tequ Education on normal commercial terms, and was determined after taking into account the following factors comprehensively:

1. the original transfer cost of the Group's interest in Maysunshine to Sichuan Tequ Education on 19 March 2018, being RMB70,000,000. For details, please refer to the section headed "Background of the Acquisition and reasons for and benefits of entering into the Acquisition Agreement" in this circular; and

2. the valuation report prepared by an independent professional valuer, JLL, based on market approach. According to the valuation report, the reasonable amount of the market value of the entire interests in the College as at 31 March 2019 was RMB240,000,000 (approximately HK$282,353,000). Through the Acquisition, the Group will be able to acquire 70% equity interest in the College at a discount to its market value under the valuation report and the Board considered that acquiring 70% equity interest in the College at the original transfer cost would be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Completion:

Hope Education (as purchaser), being one of the Company's consolidated affiliated entities, will acquire the entire interests in Maysunshine. Upon completion of the Acquisition, Maysunshine with its subsidiary Jiexing Huilv will become consolidated subsidiaries of the Company, and its financial statements will be included into the consolidated financial statements of the Company. The Group will recognise its interest in the College through Maysunshine as an investment and will account for that investment using the equity method.

The Group's operation of the schools are subject to various foreign ownership prohibitions or restrictions under PRC laws and regulations. The Company is therefore unable to own or hold any direct equity interest in the consolidated affiliated entities of the Group. In order to comply with the relevant PRC laws and regulations and enable the Group to maintain and exercise control over its consolidated affiliated entities, the "variable interest entity" structure, or VIE structure, has been adopted by the Company in the form of contractual arrangements, through which the Group operates its education business in the PRC. The contractual arrangements allow the Group to obtain substantially all of the economic benefits of its consolidated affiliated entities by means of services fees payable by its consolidated affiliated entities to its wholly-owned subsidiary and consolidate their results of operations into the Group. Therefore, upon the completion of the Acquisition, the Company will not hold any direct equity interest in Maysunshine, Jiexing Huilv or the College but will derive the economic benefits from Maysunshine, Jiexing Huilv and the College through Hope Education by virtue of its interests in Maysunshine. In respect of the Acquisition, the Company has obtained a PRC legal opinion issued by Tian Yuan Law Firm, the Company's PRC Legal Adviser, dated 18 June 2019 confirming that the Acquisition will not breach the relevant PRC laws and regulations currently in force (the "**PRC Legal Opinion**"). As stated in the PRC Legal Opinion, pursuant to the terms of the existing contractual arrangements of the Group, the Group will be able to maintain and exercise control over Maysunshine upon completion of the Acquisition; and since Hope Education will directly or indirectly hold the equity interests in Maysunshine and Jiexing Huilv and will indirectly hold the sponsor interest in the College upon completion of the Acquisition, the Group will be able to derive the economic benefits from Maysunshine, Jiexing Huilv and the College through Hope Education. No additional agreements constituting contractual arrangements will be entered into between Maysunshine, Jiexing Huilv, the College and the Group. For further details of the contractual arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus, in particular, the subsections headed "background to the contractual arrangements", "operation of the contractual arrangements", "summary of the material terms of the contractual arrangements", "legality of the contractual arrangements" and "development in PRC legislation on foreign investment" under the section headed "Contractual Arrangements" in the Prospectus. For the risks relating to the contractual arrangements, please refer to the subsection headed "Risk Factors — risks relating to our contractual arrangements" in the Prospectus.

As stated in the PRC Legal Opinion, according to the Foreign Investment Access Special Management Measures (Negative List) (2018 Version) (《外商投資准入特別管理措施(負面清單)(2018年版)》) as disclosed in the Prospectus, higher education is still a restricted industry for foreign investors. Further, foreign investors are allowed to invest in the higher education industry only in the form of cooperative joint venture in which the PRC party must play a dominant role (the principals or principal administrative officers shall be Chinese citizens and Chinese members shall not be less than half of all members of the school's councils, boards of directors or joint management committees) (the "**Foreign Control Restriction**"). In accordance with the Regulation on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例》, the "**Sino-Foreign Regulation**"), the foreign investor in a Sino-foreign joint venture school which provides higher education mainly for PRC students must be a foreign educational institution with relevant qualification and high quality of education. However, the Company will not hold any direct equity interest in Maysunshine, Jiexing Huilv or the College after the completion of the Acquisition but will derive the economic benefits from Maysunshine, Jiexing Huilv and the College through Hope Education by virtue of its interests in Maysunshine, which means that the College will not be a Sino-foreign joint venture private school, nor is it subject to the Sino-Foreign Regulation, including the Foreign Control Restriction. As stated in the PRC Legal Opinion, since the relevant laws and regulations of foreign investments in higher education currently in force, including the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on 15 March 2019 and will come into effect on 1 January 2020, do not explicitly classify contractual arrangements as a form of foreign investment, the contractual arrangements abovementioned will not breach the relevant laws and regulations of foreign investments in higher education currently in force.

INFORMATION ON MAYSUNSHINE

Maysunshine was established under the PRC laws on 6 February 2018 and its sole business is the ownership of 70% interests in Jiexing Huilv. The College was approved by the MOE to be operated under the cooperation between Guizhou University and Jiexing Huilv to provide undergraduate education. The sole business of Jiexing Huilv is the ownership of the right as the sponsor of the College. The College is a full-time undergraduate academy with more than 9,000 students.

For the year ended 31 December 2018, the unaudited consolidated net profits of Maysunshine prepared in accordance with the PRC GAAP are as follows:

Unaudited net profit (before and after tax): approximately RMB17,857,694 (equivalent to approximately HK$21,009,051)

As at 31 December 2018, the total consolidated assets and the net assets of Maysunshine was approximately RMB246,056,502 (unaudited) (equivalent to approximately HK$289,478,237) and approximately RMB190,628,390 (unaudited) (equivalent to approximately HK$224,268,694).

ESTIMATED FINANCIAL IMPACT OF THE ACQUISITION

Upon completion of the Acquisition, Maysunshine with its subsidiary Jiexing Huilv will become consolidated subsidiaries of the Company, and its financial statements will be included into the consolidated financial statements of the Group. The Group will recognise its interest in the College through Maysunshine as an investment and will account for that investment using the equity method.

For the year ended 31 December 2018, the unaudited net profit (before and after tax) of Maysunshine was approximately RMB17,857,694 (equivalent to approximately HKD$21,009,051). In view of the earnings of Maysunshine recorded in 2018, the Directors expect that the earnings of the Group will be enhanced by the Acquisition.

Upon completion of the Acquisition, it is expected that there will be a net increase in the Group's total assets and net assets if the financial statements of Maysunshine are incorporated into the Group's consolidated financial statements, as the appraisal value of its 70% equity interest in the College held through Jiexing Huilv is greater than its net book value of asset and greater than the Consideration of the Acquisition. As Hope Education and Sichuan Tequ Education are controlled by the same controlled shareholders, the gain arising from the discounted acquisition will be included in the Group's owner's equity in accordance with accounting standards.

BACKGROUND OF THE ACQUISITION AND REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

Before the Listing, in order to enhance our strengths in provision of higher education and as part of the business expansion plan in Guizhou province, the Group acquired 70% of the interest in Jiexing Huilv on 6 September 2016. The Group subsequently disposed of its interest in Maysunshine to Sichuan Tequ Education on 19 March 2018 at a consideration of RMB70,000,000 the ("**Disposal**") since, at that time, it was not in the interests of the Company or its Shareholders as a whole to consolidate Jiexing Huilv as part of the Group for the purpose of Listing as Jiexing Huilv was not able to exert effective control over the College. In order to enable the Group to eventually repurchase the interest of Jiaxing Huilv after the Listing when it deems appropriate, the Company has been in discussion with its Controlling Shareholders which in turn have been taking active measures to enable Jiexing Huilv to gain effective control over the College and the Controlling Shareholders of the Company has undertaken to transfer their interest in Jiexing Huilv to the Group when they can effectively control and consolidate the financial statements of the College. Please refer to pages 272-274 of the Prospectus for further details. Notwithstanding the Group will still be unable to consolidate the financial statements of the College upon completion of the Acquisition, the Group considered that the Acquisition at the original consideration of RMB70,000,000 at this stage is in the interests of the Company and its Shareholders as a whole and appropriate in light of the following developments after the Disposal:

(1) According to the Cooperation Agreement on Establishment And Operation of The College of Science And Technology of Guizhou University (《合作舉辦貴州大學科技學院協議書》) (the "**Cooperation Agreement**") signed by Jiexing Huilv and Guizhou University in December 2014, it was agreed that Jiexing Huilv and Guizhou University will first negotiate and confirm the location and construction proposal of the new campus (the "**New Campus**") for the admission of the students of the College, and that the then existing students of the College admitted to the Guizhou University Campus will be subsequently transferred to the New Campus (the "**Transfer of Students**"). Before the Disposal, the Directors were aware that it was an on-going and prolonged process for Jiexing Huilv to identify and acquire the land, complete the construction of the New Campus, and to ensure that the relevant facilities and equipment of the New Campus will satisfy the MOE requirements, which involved extensive negotiation between Jiexing Huilv and Guizhou University. As contemplated under the Cooperation Agreement, the construction of the New Campus and Transfer of Students may take more than 2 years after the acquisition of land. Therefore, it was uncertain to the Directors at the time of the Disposal as to whether and when (i) the then existing students of the College in Guizhou University Campus will be transferred to the New Campus; and (ii) the cooperation between Jiexing Huilv and Guizhou University to operate the College in the New Campus will commence. Before the Disposal, Jiexing Huilv was not able to exert effective management over the administrative, logistics and finance functions of the College. In particular, Jiexing Huilv had no access to the financial data of the College and had no control over the bank account and any payment of expenses by the College since (i) the New Campus had still yet to be ready and all of the then existing students of the College were still managed by the personnel appointed by Guizhou University in the Guizhou University Campus, and (ii) all of the senior management of the administrative, logistics and finance functions of the College was

originally appointed by Guizhou University. Following the Disposal, Jiexing Huilv had gained effective management over the administrative, logistics and finance functions of the College by taking active measures following successful negotiations with Guizhou University with ongoing efforts, among which, including (i) the New Campus having been ready for operation and approximately 4,000 students from the original Guizhou University Campus being admitted to the New Campus built by Jiexing Huilv, the cooperation between Jiexing Huilu and Guizhou University to operate the College in the New Campus having commenced since then; there were more than 9,000 students admitted to the New Campus in September 2018, which comprise all students of the College from first to fourth year; and (ii) Jiexing Huilv having appointed senior management to assume full management over the administrative, finance, procurement, logistics, and other school departments of the College, in particular, all financial personnel of the College are appointed by Jiexing Huilv and as a result Jiexing Huilv is now able to gain access to the financial data of the College and effectively manage any payment of the operating expenses by the College;

(2) before the Disposal, the total number of new students of the College admitted to the New Campus was less than 3,000 and the College only reported a profit of approximately RMB59,000 for the year ended 31 December 2017. After the Disposal and the Transfer of Students, the College has grown to a school with over 9,000 students, which were admitted to the New Campus built by Jiexing Huilv, and reported a profit of approximately RMB18 million for the year ended 31 December 2018. Therefore, the Directors believe that the Acquisition will enhance the overall financial performance of the Group even if such investment is accounted for by the equity method; and

(3) as stated in the PRC Legal Opinion, under the Notice of the General Office of the MOE on Working Effectively in the Establishment of Higher Education Institutions in 2018 (《教育部辦公廳關於做好2018年度高等學校設置工作的通知》) issued by the General Office of MOE (教育部辦公廳) in December 2018 (the "**2018 MOE Notice**"), which notified the education department (教育廳) of all regions in the PRC that the "transformation and establishment" (轉設) of the independent colleges which essentially means the termination of cooperation of independent colleges and the public institutions, should be of top priority among all the work in relation to the independent colleges. The timetable and plan for such transformation shall be stipulated by the local education department and that the independent colleges shall be "transformed and established" as soon as possible and as far as possible. Such notification has also been restated again recently under the Notice of the General Office of the Ministry of Education on Conducting the Medium-term Adjustment Work of the "13th Five-Year Plan" for the Establishment of Higher Education Institutions (《教育部辦公廳關於開展"十三五"高等學校設置規劃中期調整工作的通知》) issued by the General Office of MOE (教育部辦公廳) in April 2019 (the "**2019 MOE Notice**", together with the 2018 MOE Notice, the "**MOE Notices**"). The overall transformation plan shall be formulated by the local education departments which shall be filed with the Ministry of Education through the provincial people's government by end of June 2019. After the issuance of the MOE Notices, the Company, together with Jiexing Huilv, has discussed with Guizhou University about the impact of the MOE Notices on the College, and it is the common intention of the parties to proceed with the transformation of the College once the relevant laws, regulations and guidance regarding the overall transformation plan and the

details of the requirements, procedures and timetable for such transformation applicable to the College are issued. Should the transformation, which essentially means the termination of cooperation materializes, Jiexing Huilv shall propose and submit the termination of cooperation and change of the sponsor of the College to the MOE, upon which the Group would be able to consolidate the results of the College. The College will subsequently be operating under a new MOE approval upon receiving the same. Therefore, based on the MOE Notices and the aforementioned common intention of the parties to proceed with the transformation, the Directors believe that the Company will eventually be able to consolidate the results of the College into its financial statements following the issuance of the relevant laws, regulations and guidance on the transformation of independent colleges applicable to the College by the authorities.

The Acquisition is also in line with the Company's strategy to expand its business and to integrate its operational resources in Guizhou province, and further strengthening the core advantages in the business of higher education, which is beneficial to the Group as a whole.

As stated in the PRC Legal Opinion, according to the Measures for the Establishment and Administration of Independent Colleges (《獨立學院設置與管理辦法》) issued by MOE on 22 February 2008 and amended on 10 November 2015, the higher education institutions may participate in operating independent colleges mainly by providing their name, intellectual properties, management resources, and education resources, while non-state social organizations or individuals participate in operating the independent colleges mainly by providing cash, land use rights, or other non-cash properties. The higher education institutions which participate in operating independent colleges shall provide guidance to the education and management of independent colleges in accordance with the cooperation agreements and relevant laws and regulations. The Measures for the Establishment and Administration of Independent Colleges (《獨立學院設置與管理辦法》) does not stipulate the specific scope of cooperation or the rights and obligations of the higher education institutions and social organizations or individuals respectively except for aforesaid provisions. However, it stipulates that the higher education institutions and social organizations or individuals which participate in operating independent colleges shall enter into cooperation agreements to delineate the rights and obligations of each party.

According to the Cooperation Agreement signed by Guizhou University and Jiexing Huilv in December 2014, Guizhou University should invest education and teaching resources, brands, teaching facilities and equipment into the College and should provide guidance of the management and quality of education for the College, while Jiexing Huilv should invest into the College cash and should be responsible for the provision of land and the construction of the new campus, the management of the finance and the logistics of the College.

Under the current cooperation between Guizhou University and Jiexing Huilv, Jiexing Huilv is in charge of the finance, campus construction, and logistics management of the College, it provided the New Campus for the admission of all students of the College and has appointed the senior management of the administrative, finance, procurement, logistics, and other departments of the College, whereas Guizhou University provides brand license and education support, including the provision of education for the College by certain teachers assigned by Guizhou University and supervision of the management and quality of education by the management members designated by Guizhou University (the "**Cooperation**"). As stated in the PRC Legal Opinion, considering that under the Cooperation, Jiexing Huilv principally focuses on the provision of campus, the general administrative support function and logistics support function of the College and Guizhou University principally focuses on the education support function of the College, the current Cooperation between Guizhou University and Jiexing Huilv is in compliance with the Cooperation Agreement and the MOE requirements as stipulated under the relevant laws and regulations. The Directors confirm that after the Acquisition, there will be no material change in the Cooperation between Jiexing Huilv and Guizhou University unless otherwise approved by the MOE, and it is unlikely that the current Cooperation will be reverted to the situation at the time of the Disposal because, as confirmed by the PRC Legal Adviser, such action would constitute a breach of the Cooperation Agreement.

As stated in the PRC Legal Opinion, the relevant laws and regulations of higher education currently in force, including the Higher Education Law of the PRC (《中華人民共和國高等教育法》), the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》), the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) and the Measures for the Establishment and Administration of Independent Colleges (《獨立學院設置與管理辦法》), do not prohibit the acquisition of a private higher education school, the Acquisition thereunder will not breach the relevant laws and regulations of higher education currently in force. Under the Revised Draft of Implementation Rules for the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》, the "**MOJ Draft**"), which was published on 10 August 2018 by the Ministry of Justice of the PRC, non-profit school shall not be controlled under any contractual arrangements. As at the date of this Circular, there is no certainty, or a definite timeline, as to when the MOJ Draft will come into effect. As stated in the PRC Legal Opinion, even if the MOJ Draft will be promulgated in its current draft form, its impact to the Acquisition will be minimal when such MOJ Draft comes into effect considering that (i) the school sponsor of a private school may independently choose to form a non-profit or for-profit private school pursuant to the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》) (except for the formation of for-profit private school providing compulsory education); and (ii) the College currently does not provide compulsory education and the Company confirmed that it will elect to be registered the College as a for-profit private school when it is practicable.

As disclosed in the section headed "Relationship with Controlling Shareholders" of the Prospectus, the disposal of the 70% interest in Jiexing Huilv by the Group to the Controlling Shareholders were not relevant to, among other things, any material non-compliance incidents or litigations of either Jiexing Huilv or the College. To the best knowledge of the Directors after reasonable inquiry, including but not limited to seeking the advice of the Company's PRC Legal Adviser, the Directors are not aware of any non-compliance incidents or litigations involving Jiexing Huilv or the College that would expect to have any material adverse impact on the operations or financial conditions of the Group upon completion of the Acquisition.

The Company is also contemplating the acquisition of the remaining 30% equity interest in the Jiexing Huilv from Guo Xiaolan (the "**Potential Acquisition**"). The Company and Guo Xiaolan are currently still negotiating the terms of the Potential Acquisition and no definitive agreement has been entered into as at the date of the Circular. The Company will comply with the relevant disclosure requirements in relation to the Potential Acquisition under the Listing Rules as and when appropriate. The completion of the Acquisition is not conditional upon the Company and Guo Xiaolan entering into the Potential Acquisition.

INFORMATION ON THE COMPANY, HOPE EDUCATION AND SICHUAN TEQU EDUCATION

Company

The Company is an investment holding company and its subsidiaries, including its consolidated affiliated entities, are principally engaged in private formal higher education.

Hope Education

Hope Education is one of the Company's consolidated affiliated entities and is principally engaged in education management and education industry investment.

Sichuan Tequ Education

Sichuan Tequ Education is a limited liability company established under the laws of PRC on 30 November 2017 and is principally engaged in education consultation services and corporate management services industry.

IMPLICATIONS UNDER THE LISTING RULES

The transaction contemplated under the Acquision Agreement constitutes a "transaction" under Chapter 14 of the Listing Rules. As the respective applicable percentage ratios of the transaction under the Acquisition Agreement exceed 5% but is less than 25%, the Acquisition contemplated under the Acquisition Agreement will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Wang Huiwu, being our chief executive officer, president, executive Director and one of the controlling shareholders of the Company, is also a controlling shareholder of Sichuan Tequ Education which indirectly holds approximately 38.96% interests in Sichuan Tequ Education. Accordingly, Sichuan Tequ Education is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and the transaction contemplated under the Acquisition Agreement constitutes a connected transaction of the Company, which will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Gao Hao, Mr. Chen Yunhua and Mr. Zhang Jin, has been established to consider the terms of the Acquisition Agreement and the transaction contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the members of the Independent Board Committee has any interest or involvement in the transaction contemplated under the Acquisition Agreement. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular.

An independent financial adviser, namely Giraffe Capital Limited, has also been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the Acquisition Agreement and the transaction contemplated thereunder. A letter from the Independent Financial Adviser is set out on pages 18 to 32 of this circular.

EGM

The EGM will be convened at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on 10 July 2019 (Wednesday) at 10:00 a.m. for the Independent Shareholders to consider, and if thought fit, approve the Acquisition Agreement and the transaction contemplated thereunder. Pursuant to 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Acquisition Agreement shall abstain from voting to approve the agreement and the Acquisition at the EGM. In view of the interests of Hope Education Investment Limited, Future China Investment Co., Ltd., Pearl Glory Global Limited, Star Leap Limited and Glory Aurora Limited in Sichuan Tequ Education, these Shareholders and any of their respective associates will abstain from voting in relation to the resolution approving the transaction under the Acquisition Agreement to be proposed at the EGM. As at the Latest Practicable Date, each of Hope Education Investment Limited, Future China Investment Co., Ltd., Pearl Glory Global Limited, Star Leap Limited and Glory Aurora Limited controls or is entitled to exercise control over the voting rights in respect of the Shares representing approximately 62.11%, 0.09%, 6.21%, 3.01% and 3.57% of the issued share capital of the Company, respectively.

Save as disclosed, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Acquisition Agreement which is different from the other Shareholders.

Mr. Wang Huiwu, Mr. Wang Degen, Mr. Lu Zhichao and Mr. Tang Jianyuan, being our Directors, are considered to have material interests in the Acquisition and have been abstained from voting on the resolution in relation to the Acquisition Agreement proposed to the Board. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in the Acquisition.

The notice of the EGM is set out on pages EGM-1 and EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not Shareholders are able to attend the meeting, they are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting (i.e. by 10:00 a.m.

on 8 July 2019 (Monday)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the meeting or any adjournment thereof should they wish to do so, and in such event, the proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose name appear on the Company's register of members on 10 July 2019 (Wednesday), will be eligible for attending and voting at the EGM. The Company's register of members and books of transfer will be closed from 5 July 2019 (Friday) to 10 July 2019 (Wednesday), both days inclusive, during which no transfer of Shares will be registered. In order to be eligible for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 4 July 2019 (Thursday).

RECOMMENDATION

The Directors (including all the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) consider that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including all the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) recommends the Independent Shareholders to support and vote in favour of the resolution to be proposed at the EGM approving the Acquisition Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the information set forth in the appendies to this circular and the notice of the EGM.

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

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder.

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)

20 June 2019

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 100% INTERESTS IN CHENGDU MAYSUNSHINE EDUCATION MANAGEMENT CO., LTD.

To the Independent Shareholders

Dear Sirs or Madams,

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Acquisition Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 20 June 2019 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the "Letter from the Board" and "Letter from the Independent Financial Adviser" as set out in pages 4 to 15 and pages 18 to 32 to the Circular respectively.

RECOMMENDATION

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser regarding the terms of the Acquisition Agreement and the transactions contemplated thereunder and its conclusion and advice, we concur with the view of the Independent Financial Adviser and consider that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM approving the entering into of the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
Dr. Gao Hao
Mr. Chen Yunhua
Mr. Zhang Jin
Independent Board Committee

The following is the full text of the letter received from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

Giraffe
智富

Giraffe Capital Limited

20 June 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 100% INTERESTS IN CHENGDU MAYSUNSHINE EDUCATION MANAGEMENT CO., LTD.

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the letter from the Board (the "**Letter from the Board**") in the circular issued by the Company to the Shareholders dated 20 June 2019 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As disclosed in the Letter from the Board, as the respective applicable percentage ratios the Acquisition exceed 5% but is less than 25%, the Acquisition will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the vendor, Sichuan Tequ Education, is indirectly held as to approximately 38.96% by Mr. Wang Huiwu, a chief executive officer, president, executive Director and one of the controlling shareholders of the Company, Sichuan Tequ Education is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the approval by the Independent Shareholders at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on whether (i) the terms of the Acquisition Agreement and the transaction contemplated, are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolutions to approve the Acquisition at the EGM. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. Save for our appointment as the Independent Financial Adviser, there was no engagement between the Group and us in the past two years.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, the announcement of the Company dated 8 March 2019 in relation to the Acquisition Agreement and the transactions contemplated thereunder, the valuation report (the "**Valuation Report**") prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer (the "**Valuer**"), the PRC legal opinion issued by Tian Yuan Law Firm, the Company's PRC Legal Adviser (the "**PRC Legal Opinion**"), the prospectus of the Company dated 24 July 2018 (the "**Prospectus**"), the annual report of the Company for the year ended 31 December 2018 (the "**Annual Report 2018**"), the interim report of the Company for the six months ended 30 June 2018 (the "**Interim Report 2018**"), the audited financial statements of the College for the year ended 31 December 2018 (the "**AFS of the College 2018**") and have enquired with and reviewed the information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have also enquired with the Valuer in respect of the valuation of the market value of the College. Save and except for the review of the Valuation Report, we have not made any independent evaluation or appraisal of the assets and liabilities of the College and we have not been furnished with any such evaluation or appraisal. Since we are not experts in the valuation of businesses or companies, we have relied solely on the Valuation Report for the market value.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management and/or the Directors were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date.

We have no reason to believe that any statements, information, opinions and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries and careful consideration, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We have relied on the Company that it has provided us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted any independent verification and in-depth investigation into the information provided by the Company as well as the business and affairs of the Group, the vendor or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the market, financial, economic, industry-specific and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Acquisition, we have taken into account the following principal factors and reasons:

1. Information on the Group

1.1 Business of the Group

As disclosed in the Prospectus, the Group is committed to providing quality education and professional training to students with an aim to equipping them with the knowledge and skills desired in employment markets. It was the second largest private higher education group in China in terms of the number of students enrolled for higher education as of 31 December 2017. As stated in the Annual Report 2018, the Group owns and operates eight higher education schools, including (i) schools founded by Group, namely, Southwest Jiaotong University Hope College, Sichuan Hope Automotive Vocational College, and Guizhou Vocational Institute of Technology, and (ii) schools acquired by the Group, namely, Sichuan Tianyi College, Sichuan Vocational College of Culture & Communication, Business College of Guizhou University of Finance and Economics, Jinci College of Shanxi Medical University and Sichuan TOP IT Vocational Institute. As of 31 December 2018, the Group had an aggregate of 86,033 full-time students enrolled at these eight higher education institutions. In addition, the Group operates Sichuan Hope Automotive Technical College, a technical college providing technical education services.

1.2 Financial performance of the Group

Set out below is the summarized consolidated financial information of the Group as extracted from the Annual Report 2018.

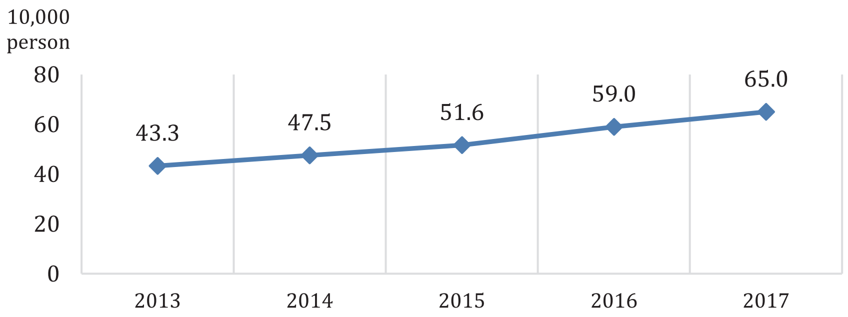
	For the year ended 31 December	
Unit: RMB'000	**2018**	**2017**
	(audited)	*(audited)*
Revenue		
- *Tuition fees*	854,281	620,694
- *Boarding fees*	85,403	63,412
- *Others*	89,839	68,328
Total revenue	**1,029,523**	**752,434**
Gross profit	**467,237**	**360,029**
Profit before taxation	**159,496**	**229,425**
Net profit	**167,337**	**209,656**

According to the Annual Report 2018, the Group's revenue increased by approximately 36.8% from approximately RMB752.4 million for the year ended 31 December 2017 to approximately RMB1,029.5 million for the year ended 31 December 2018, primarily due to the increase in tuition fees from approximately RMB620.7 million for the year ended 31 December 2017 to approximately RMB854.3 million for the year ended 31 December 2018, mainly due to (i) the increase in the number of students o f the Group; and (ii) the revenue contributed by Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院) upon the acquisition by the Group in December 2017. The Group's net profit decreased by approximately 20.2% from approximately RMB209.7 million for the year ended 31 December 2017 to approximately RMB167.3 million for the year ended 31 December 2018, primarily due to the increase in listing expense and equity-settled share option expense. Excluding the effect of listing expenses, equity-settled share option expense and gain on exchange differences, the Group's adjusted net profit for the year ended 31 December 2017 and 2018 would be approximately RMB219.5 million and RMB314.8 million, respectively, representing an increase of approximately 43.4%.

1.3 Industry outlook

We noted from the statistics released by the National Bureau of Statistics of the PRC and the Ministry of Education of the PRC that the demand for higher education has been growing continuously. China's total revenue of higher education industry increased from approximately RMB688.0 billion in 2011 to approximately RMB1,060.2 billion in 2017, representing a CAGR of approximately 7.5%. The total revenue of the private higher education industry in China has increased from approximately RMB64.6 billion in 2011 to approximately RMB103.7 billion in 2017, representing a CAGR of approximately 8.2%. We understand from the management of the Company that the total revenue of higher education industry in China is expected to grow continuously due to the continued support by the government policy for higher education and its development.

The following diagram illustrates the total student enrollment in the higher education in Guizhou province from 2013 to 2017:



Source: Ministry of Education of the PRC

The number of students in higher education in Guizhou province increased from approximately 433,000 in 2013 to approximately 650,000 in 2017, representing a CAGR of approximately 10.7%. As discussed with the management of the Company, the upward trend in the number of students in higher education in Guizhou province is expected to continue in the coming years, as a result of, among other things, the favourable government policies through subsidies to students and schools.

Having considered that (i) the growth prospect of the higher education industry in Guizhou province and China; (ii) the Acquisition is consistent with the Group's strategy to continue to expand its school network and enhance its market share in China's private higher education industry; (iii) the College is a full-time undergraduate academy with more than 9,000 students; and (iv) the College has recorded positive earnings for the year ended 31 December 2018, according to the AFS of the College 2018, we are of the view that the Company's strategy to expand its business in Guizhou province, and further strengthen the core advantages in the business of higher education through the Acquisition, is fair and reasonable, and beneficial to the Group as a whole.

2. Information on the Company, Hope Education and Sichuan Tequ Education

Company

The Company is an investment holding company and its subsidiaries, including its consolidated affiliated entities, are principally engaged in private formal higher education.

Hope Education

Hope Education is one of the Company's consolidated affiliated entities and is principally engaged in education management and education industry investment.

Sichuan Tequ Education

Sichuan Tequ Education is a limited liability company established under the laws of PRC on 30 November 2017 and is principally engaged in education consultation services and corporate management services industry.

3. Background of Maysunshine and the Acquisition

Maysunshine was established under the laws of PRC on 6 February 2018 and its sole business is the ownership of 70% interests in Jiexing Huilv. The College was approved by the MOE to be operated under the cooperation between Guizhou University and Jiexing Huilv to provide undergraduate education. The sole business of Jiexing Huilv is the ownership of the right as the sponsor of the College. The College is a full-time undergraduate academy with more than 9,000 students.

Pursuant to the Cooperation Agreement on Establishment And Operation of The College of Science And Technology of Guizhou University (《合作舉辦貴州大學科技學院協議書》) signed by Guizhou University and Jiexing Huilv in December 2014 (the "**Cooperation Agreement**"), Jiexing Huilv is in charge of the finance, campus construction, and logistics management of the College, it provided the Huishui Campus for the admission of all students of the College and has appointed the senior management of the administrative, finance, procurement, logistics, and other departments of the College, whereas Guizhou University provides brand license and education support, including the provision of education for the College by certain teachers assigned by Guizhou University and supervision of the management and quality of education by the management members designated by Guizhou University. We have reviewed the Cooperation Agreement and confirmed with the PRC Legal Adviser that the current cooperation between Guizhou University and Jiexing Huilv is in compliance with the Cooperation Agreement and the MOE requirements as stipulated under the relevant laws and regulations. As stated in the Letter from the Board, the Directors confirm that there will be no material change in the cooperation between Jiexing Huilv and Guizhou University after the Acquisition unless otherwise approved by the MOE.

Before the Listing, in order to enhance the strengths in provision of higher education and as part of the business expansion plan in Guizhou province, the Group acquired 70% of the interest in Jiexing Huilv on 6 September 2016. The Group subsequently disposed of its interest in Maysunshine to Sichuan Tequ Education on 19 March 2018 at a Consideration of RMB70,000,000 (the "**Disposal**"), since the Group was not able to control or consolidate the financial statements of the College.

As stated in the PRC Legal Opinion, higher education is still a restricted industry for foreign investors according to the Foreign Investment Access Special Management Measures (Negative List) (2018 Version) (《外商投資准入特別管理措施 (負面清單) (2018年版) 》). Foreign investors are allowed to invest in the higher education industry only in the form of cooperative joint venture in which the PRC party must play a dominant role (the "**Foreign Control Restriction**"). As stated in the section headed "Contractual Arrangements" in the Prospectus. The Group operates its education business in the PRC in the form of contractual arrangements. Because the Company will not hold any direct equity interest in Maysunshine, Jiexing Huilv or the College after the completion of the Acquisition, the College will not be a Sino-foreign joint venture private school, nor is it subject to the Foreign Control Restriction, and therefore as confirmed with the PRC Legal Adviser, the Acquisition will not breach the relevant laws and regulations of foreign investments in higher education currently in force.

According to the Letter from the Board, the unaudited consolidated net profit of Maysunshine for the year ended 31 December 2018, prepared in accordance with the PRC GAAP, was approximately RMB17,857,694 (equivalent to approximately HK$21,009,051).

As at 31 December 2018, the unaudited total consolidated assets and the net consolidated assets of Maysunshine was approximately RMB246,056,502 (equivalent to approximately HK$289,478,237) and RMB190,628,390 (equivalent to approximately HK$224,268,694).

4. Reasons for and benefits of the Acquisition

As advised by the management of the Company and according to the current articles of the associate of the College (the "**Articles**"), as the Group has not achieved the majority of the board of directors of the College through Jiexing Huilv following the Acquisition, the Group will not yet be able to have control, in the accounting aspect, over the College and will have to recognize its interest in the College using the equity method until, for instance, a change of composition of the board of directors of the College to the effect that the Group can assign representatives to control the majority of the board of the College. Although the Group will still be unable to consolidate the financial statements of the College upon completion of the Acquisition, we are advised by the management of the Company that there are several milestone developments since the Disposal:

1) the College has grown from a school with 3,000 students only before the Disposal to over 9,000 students in first year to fourth year to date. Minimal profit was generated by the College before the Disposal, whereas the College reported a net profit of approximately RMB18 million for the year ended 31 December 2018. We have obtained the AFS of the College 2018 and are of the view that the College is now operating at a relatively larger student size and able to continue to contribute profit. Therefore we concur with the Directors' view that the Acquisition will enhance the overall financial performance of the Group even if such investment is accounted for by the equity method;

2) following the Disposal, we are of the view that Jiexing Huilv has gained effectived management over the administrative and logistics functions of the College by taking active measures, among which, including (i) more than 9,000 students, which comprise all students of the College from first to forth year, were admitted to the Huishui Campus built by Jiexing Huilv; and (ii) Jiexing Huilv had appointed senior management to assume full management over the administrative, finance, procurement, logistics and other school departments of the College, whereas Jiexing Huilv was not able to exert such management over the College before the Disposal; and

3) as advised by the PRC Legal Adviser, under the Notice of the General Office of the MOE on Working Effectively in the Establishment of Higher Education Institutions in 2018 (《教育部辦公廳關於做好2018年度高等學校設置工作的通知》), the "transformation and establishment" (轉設) of the independent colleges, which essentially means the termination of cooperation of the independent colleges and public institutions, should be of top priority among all the work in relation to the independent colleges. The timetable and plan for such transformation shall be stipulated by the local education department and that the independent colleges shall be "transformed and established" as soon as possible and as far as possible. Such notification has also been restated again recently under the Notice of the General Office of the Ministry of Education on Conducting the Medium-term Adjustment Work of the "13th Five-Year Plan" for the Establishment of Higher Education Institutions (《教育部辦公廳關於開展"十三五"高等學校設置規劃中期調整工作的通知》) issued by the General Office of Ministry of Education (教育部辦公廳) in April 2019 (the "**2019 MOE Notice**", together with the 2018 MOE Notice, the "**MOE Notices**"). The overall transformation plan shall be formulated by the local education departments which shall be filed with the Ministry of Education through the provincial people's government by end of June 2019. As stated in the Letter from the Board, after the issuance of the MOE Notices, the Company, together with Jiexing Huilv, has discussed with Guizhou University about the impact of the MOE Notices on the College, and it is the common intention of the parties to proceed with the transformation of the College once the relevant laws, regulations and guidance regarding the overall transformation plan and the details of the requirements, procedures and timetable for such transformation applicable to the College are issued. As discussed with the management of the Company, we consider that the termination of cooperation between the Jiexing Huilv and Guizhou University will be in line with the policies as set out in the 2019 MOE Notice and in the event of such termination of cooperation, the Group shall be able to control the entire board of the College for consolidation of the results of the College into the financial statements of the Group.

We also noted from the Interim Report 2018 that (i) the number of student enrollments of the Group in Guizhou province for the 2017/2018 school year was in aggregate approximately 17,345. As the College is a full-time undergraduate academy with more than 9,000 students in Guizhou province, the Acquisition will further increase the number of Group's student enrollments in Guizhou province by approximately 51.9%; and (ii) the Group currently owns and operates schools in three provinces in China, namely, Sichuan, Guizhou and Shanxi, we consider the Acquisition is consistent with the Group's strategy to continue to expand its school network and strengthen its market share in the provinces where it operates schools. Based on the above, we are of the view that the Acquisition is beneficial to the Company and the Shareholders as a whole.

5. Estimated financial impact of the Acquisition

Upon completion of the Acquisition, Maysunshine with its subsidiary Jiexing Huilv will become consolidated subsidiaries of the Company, and its financial statements will be included into the consolidated financial statements of the Group. The Group will recognise its interest in the College through Maysunshine as an investment and will account for that investment using the equity method.

For the year ended 31 December 2018, Maysunshine recorded unaudited net profit (before and after tax) of approximately RMB17,857,694. As stated in the Letter from the Board, in view of the earnings of Maysunshine recorded in 2018, the Directors expect that the earnings of the Group will be enhanced by the Acquisition.

Upon completion of the Acquisition, it is expected that there will be a net increase in the Group's total assets and net assets if the financial statements of Maysunshine are incorporated into the Group's consolidated financial statements, as the appraisal value of its 70% equity interest in the College held through Jiexing Huilv is greater than its net book value of asset and greater than the Consideration of the Acquisition. As Hope Education and Sichuan Tequ Education are controlled by the same controlled shareholders, the gain arising from the discounted acquisition will be included in the Group's owner's equity in accordance with accounting standards.

Based on the aforementioned financial impacts of the Acquisition on the Group, in particular, the positive impact on the Group's earnings and net assets, we are of the view that the Acquisition is in the interests of the Company and its Shareholders as a whole.

6. Principal terms of the Acquisition Agreement

Details of the Acquisition Agreement are set out in the Letter from the Board. The principal terms of the Acquisition Agreement are as follows:

Date

8 March 2019

Parties

1. Hope Education (as purchaser); and
2. Sichuan Tequ Education (as vendor).

Subject of the Acquisition

Pursuant to the Acquisition Agreement, Hope Education agreed to acquire and Sichuan Tequ Education agreed to sell the entire interests in Maysunshine.

The Consideration and payment arrangement

Pursuant to the Acquisition Agreement, the Consideration for the Acquisition of the entire interests in Maysunshine is RMB70,000,000 (approximately HK$82,353,000), which shall be paid by Hope Education to Sichuan Tequ Education in the following manners:

(i) On the date of the signing of the Acquisition Agreement, Hope Education shall pay RMB30,000,000 (approximately HK$35,294,000) to Sichuan Tequ Education as down payment.

(ii) Hope Education shall pay the remaining Consideration, being RMB40,000,000 (approximately HK$47,059,000), to Sichuan Tequ Education upon the completion of the matters below:

a. the passing by the Independent Shareholders of the Company at a general meeting of necessary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder (if required by the Listing Rules), if the transaction contemplated under the Acquisition Agreement is not approved by the Independent Shareholders of the Company within 4 months from the date of the Acquisition Agreement, the Acquisition Agreement shall be terminated and the abovementioned down payment shall be returned to Hope Education;

b. all necessary changes of the industrial and commercial registration and filing required to be completed for the transfer of equity interests under the Acquisition Agreement having been completed; and

c. all relevant documents and information of Maysunshine, Jiexing Huilv and the College held by Sichuan Tequ Education having been transferred to Hope Education.

The Consideration will be funded by the proceeds from the global offering of the Group conducted in August 2018.

7. Assessment of the Consideration

7.1 Basis of the Consideration

As set out in the Letter from the Board, the Consideration was determined after negotiations between the Company and Sichuan Tequ Education on normal commercial terms. The Board considered factors including (i) the original transfer costs of the Group's interest in Maysunshine to Sichuan Tequ Education on 19 March 2018, being RMB70,000,000; and (ii) the Valuation Report. According to the Valuation Report, the reasonable amount of the market value of the entire interests in the College as at 31 March 2019 was estimated to be RMB240 million (approximately HK$282,353,000) based on market approach. Through the Acquisition, the Group will be able to acquire 70% equity interest in the College at a discount to its market value under the Valuation Report and the Board considered that acquiring 70% equity interest in the College at the original transfer cost would be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

7.2 Valuation Report

In assessing the fairness and reasonableness of the Consideration, we consider it is a common practice to determine a consideration for an acquisition by taking into account, among other factors, the appraised value of the subject of an acquisition estimated by a valuation report prepared by an independent professional valuer. We have obtained and reviewed the Valuation Report and the underlying calculation spreadsheet and enquired with the Valuer, among other things: (i) the terms of engagement and the scope of work of the Valuer; (ii) the qualification and independence of the Valuer; (iii) the procedures and major assumptions adopted by the Valuer; and (iv) the selection of valuation methodology taken by the Valuer for the valuation.

Scope of work

We have reviewed the terms of engagement of the Valuer and consider that the scope of work is appropriate to the valuation and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report. We also understand from the Valuer that it conducted the valuation in accordance with the International Valuation Standards issued by International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic conditions of the College and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the College.

The Valuer's qualification and independence

We have enquired the qualification, experience and independence of the Valuer in relation to the performance of the valuation. We were given to understand that the Valuer is certified with the relevant professional qualifications and experience. The Valuer has also confirmed that they are independent to the Group, the College and their respective associates and all relevant material information provided by the Group had been incorporated in the valuation report. Based on the above, we are of the view that the Valuer is qualified to perform the valuation.

Procedures and major assumptions adopted by the Valuer

We have enquired with and were advised by the Valuer that they had performed necessary due diligence works for the preparation of the Valuation Report, which includes, among others, enquiries in relation to the financial information of the College and examination of further information where necessary. We noted that the Valuer has made major assumptions, including but not limited to that (i) there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the College; (ii) the copies of the relevant operating licenses and company incorporation documents provided by the Company are reliable and legitimate; (iii) the financial and operational information provided by the College are accurate; and (iv) the capital structure of the College will not change.

Selection of valuation methodology

We have further reviewed and enquired with the Valuer on the methodology and the key assumptions adopted in the Valuation Report. In performing the valuation of the College, the Valuer considered three valuation approaches, namely the cost approach, market approach and income approach. Regarding the cost approach, the Valuer considers that it is inappropriate to be used in the valuation of the College since the cost approach neglects information about the economic benefits generated from the subject business.

We also understand from the Valuer that the income approach is inappropriate for the valuation of the College because it relies on explicit forecasts for the future years which require numerous and subjective assumptions on projected future financial results and detailed operational information over a long time horizon to which the valuation is highly sensitive. We concur with the Valuer that the market approach is the most appropriate approach for the valuation of the College due to its simplicity, clarity and the need for less assumptions. The market approach employs more observable market data, with adjustments made to reflect conditions and utility of the appraised target relative to the market comparatives. It also introduces objectivity in application as publicly available inputs are used.

Under the market approach, there are two commonly used methods of valuation, namely (i) guideline public company method (which utilizes information on publicly-traded comparables that are the same or similar to the subject asset to arrive at an indication of value), and (ii) the comparable transaction method (which utilizes information on transaction involving assets that are the same or similar to the subject asset to arrive at an indication of value). The Valuer has determined that guideline public company method is to be applied as there are sufficient comparable companies that engaged in the same or similar principle business as the subject asset, which is the higher education business in China as the College does. In determining the financial multiple used in the market approach, six comparable companies were identified by the Valuer, namely, Minsheng Education Group Company Limited, China New Higher Education Group Limited, China Yuhua Education Corporation Limited, China Education Group Holdings Limited, Virscend Education Company Limited and China Xinhua Education Group Limited, which are principally engaged in provision of higher education in China. We have discussed with the Valuer the selection criteria of such comparable companies and reviewed the scope of business of the comparable companies and noted that the companies which are engaged in similar higher education business in China were selected as the comparable companies (the "**Comparable Companies**"). We further understand from the Valuer that comparable companies were selected based on criteria including that (i) they derive a considerable amount, if not all, of their revenues from the similar higher education industry in China; and (ii) they are publicly listed for at least one year prior to the valuation date, which is 31 March 2019. We have also performed our own search for the comparable companies based on the selection criteria adopted by the Valuer and obtained the same results of comparable companies as chosen by the Valuer. As such, we are of the view that (i) the selection criteria are fair and reasonable; (ii) the list of the comparable companies is exhaustive; and (iii) it is fair and reasonable to derive the financial multiple from these comparable companies.

Based on our review on the Valuation Report and having considered (i) our assessment of the scope of work of the Valuer; (ii) qualification and independence of the Valuer; (iii) the procedures and major assumptions adopted by the Valuer; (iv) the methodology being applied in the valuation; and (v) the comparable companies used by the Valuer in the valuation, we are of the view that the appraised market value of the College was arrived at after due and careful consideration. In addition, having considered that (i) the Consideration of the Acquisition is substantially lower than the appraised market value of the College in the Valuation Report; and (ii) the Consideration of the

Acquisition is the same as the original transfer consideration by the Group to Sichuan Tequ Education in March 2018, we concur with the view of the management of the Company that the Consideration of the Acquisition is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

7.3 Alternative analyses for the Acquisition

As an alternative analysis, we have also compared the price-to-earnings (the "**P/E**") ratio, and the price-to-book (the "**P/B**") ratio of the Comparable Companies. Considering the P/E and P/B ratios are commonly accepted benchmarks in the comparison of valuation of companies against their industry peers and we are not aware of any specific circumstances that would make such analyses inappropriate, we have adopted them for the purpose of our analyses.

Set out below is our analysis on the Comparable Companies:

Stock code	Name of company	Principal business	P/E ratio *(Note 1)* *times*	P/B ratio *(Note 1)* *times*
00839.HK	China Education Group Holdings Limited	Principally engaged in the provision of private higher education service in China	48.9	3.4
01565.HK	Virscend Education Company Limited	Principally engaged in the provision of education services from kindergarten to university in China	31.4	3.5
01569.HK	Minsheng Education Group Company Limited	Principally engaged in the provision of private higher education services in China	23.4	1.9
02001.HK	China New Higher Education Group Limited	Principally involved in the provision of private higher education services in China	20.1	2.6
02779.HK	China Xinhua Education Group Limited	Principally involved in the provision of private higher education services in China	20.6	1.6
06169.HK	China Yuhua Education Corporation Limited	Principally engaged in the provision of private education from kindergarten to university non-vocational education services in China	17.0	2.6
		Minimum:	17.0	1.6
		Maximum:	48.9	3.5
		Average:	26.9	2.6
	Maysunshine	**Principally engaged in the provision of undergraduate education through the College**	**3.9** *(Note 2)*	**0.4** *(Note 2)*

Note:

1. The P/E ratio is calculated by dividing the market capitalization as at 31 March 2019 of the Comparable Companies with their profit after taxation for the latest financial year. The P/B ratio is calculated by dividing the market capitalization as at 31 March 2019 of the Comparable Companies with their net assets as at the latest financial year/period end.

2. The implied P/E ratio of Maysunshine is calculated by dividing the Consideration of RMB70,000,000 with its unaudited consolidated net profit after tax of approximately RMB17.9 million for the year ended 31 December 2018. The implied P/B ratio of Maysunshine is calculated by dividing the Consideration of RMB70,000,000 with its unaudited net consolidated assets of approximately RMB190.6 million.

As illustrated in the table above, the P/E ratio of the Comparable Companies range from a minimum of approximately 17.0 times to a maximum of approximately 48.9 times with an average of approximately 26.9 times. The P/B ratio of the Comparable Companies range from a minimum of approximately 1.6 times to a maximum of approximately 3.5 times with an average of approximately 2.6 times.

Having considered that (i) the valuation methodology applied and the selection criteria of the Comparable Companies to derive the financial multiple are fair and reasonable; (ii) the Consideration of the Acquisition is substantially lower than the appraised market value of the College in the Valuation Report; (iii) the Consideration of the Acquisition is the same as the original transfer consideration by the Group to Sichuan Tequ Education in March 2018; and (iv) the implied P/E ratio and the implied P/B ratio of Maysunshine on the above analyses are lower than those of the Comparable Companies, we concur with the view of the management of the Company that the Consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, in particular (i) the Acquisition is consistent with the Group's strategy to continue to expand its school network and enhance its market share in China's private higher education industry; (ii) the Group can exert effective management of the College through Jiexing Huilv upon Acquisition and enhance the Group's profitability; (iii) the Acquisition will not breach the relevant laws and regulations of higher education currently in force as advised by the PRC Legal Adviser; and (iv) the Consideration of the Acquisition is fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution for approving the Acquisition Agreement and the transaction contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Giraffe Capital Limited
Johnson Chen
Managing Director

Mr. Johnson Chen is a licensed person registered with the Securities and Futures Commission and a responsible officer of Giraffe Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and to undertake work as a sponsor. He has over 11 years of experience in the field of corporate finance advisory.

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20 June 2019

The Board of Directors
Hope Education Group Co., Ltd.
5/F, Administrative Building
Sichuan TOP IT Vocational Institute
2000 Xi Qu Avenue, Pidu District
Chengdu
PRC

Dear Sirs,

In accordance with the instructions from Hope Education Group Co., Ltd. (the "**Hope Education**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise which requires us to express an independent opinion of the market value of the 100% equity interest in the College of Science and Technology of Guizhou University (the "**College**" or the "**Company**"), as at 31 March 2019 (the "**Valuation Date**").

The purpose of this valuation is for public disclosure reference.

Our valuation was carried out on a market value basis. Market value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

BACKGROUND OF THE COLLEGE

Business Operation of the College of Science and Technology of Guizhou University

The College, established in May 2001, is an independent and comprehensive college offering nearly 18 undergraduate programs such as Computer Science and Technology, Electronic Information Science and Technology, Communication Engineering, Electronic Information Engineering, Chinese Language and Literature, Journalism, English Language and Literature, Law, International Economics and Trade, Finance, Business Management, Financial Management, Administrative Management, Management of Public Affairs, and Tourism Management.

SOURCES OF INFORMATION

In conducting our valuation of the 100% equity interest in the College of Science and Technology of Guizhou University, we have reviewed information from several sources, including, but not limited to:

- Background of the College and relevant corporate information;
- Unaudited financial information of the College;
- Business licenses of the College;
- Other operation and market information in relation to the College's business.

We have held discussions with management of the College, conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information reliable and legitimate; and we have relied to a considerable extent on the information provided in arriving at our opinion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with the International Valuation Standards issued by International Valuation Standards Council ("**IVSC**"). The valuation procedures employed include a review of legal status and economic condition of the College and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the College. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition and projected financial performance of the College;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the subject assets; and
- Assessment of the liquidity of the subject assets.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the College.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same of a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the unique characteristics of the asset, there are substantial limitations for the income approach and the cost approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation due to its simplicity, clarity, speed, the need for few or no assumptions. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. It also introduces objectivity in application as publicly available inputs are used.

The market approach can be applied through two commonly used methods, namely guideline public company method and the comparable transaction method. The comparable transaction method utilizes information on transactions involving assets that are same or similar to the subject asset. However, for this particular valuation exercise, it is difficult to acquire sufficient and timely information of such kind of transaction. Therefore, in this valuation exercise, the market value of the 100% equity interest in the College is developed through the guideline public company method.

This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the 100% equity interest in the College. We applied the enterprise value-to-earnings before interest, tax, depreciation and amortization ("**EV/EBITDA**") multiple, which is calculated by using comparable companies' financial statements, to determine the market value of the College and then taken into account of market liquidity discount and control premium as the appropriate adjustment.

The EV/EBITDA ratio is a financial metric that measures the return a company makes on its capital investments. EBITDA stands for earnings before interest, tax, depreciation, and amortization, therefore provides a clearer picture of the financial performance of a company since it strips out debt costs, tax, and accounting measures like depreciation, which spreads the costsof fixed assets out for many years.

In addition, the EV is the sum of a company's equity value or market capitalization plus its debt less cash. The EV/EBITDA ratio is calculated by dividing EV by EBITDA to achieve an earnings multiple that is more comprehensive than the P/E ratio. The ratio is often preferred to otherreturn metrics because it evens out differences in taxation, capital structure (debt), and assetcounting.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

The following key assumptions in determining the market value of the equity interest have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the College;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- We have assumed that the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;
- We have assumed the accuracy of the financial and operational information provided to us by the College and relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed the capital structure of the College will not change; and
- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

SUMMARY OF MARKET APPROACH

In determining the financial multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The companies derive a considerable amount, if not all, of their revenues from the same or closely related industry of the College;
- The comparable companies are searchable in Bloomberg;
- The comparable companies are publicly listed; and
- EV/EBITDA ratio as at the Valuation Date, on the companies are available;
- The comparable companies have been listed for at least one year prior to the Valuation Date.

We have selected six comparable companies based on similarity of business nature and profitability. The major business activities include higher education. The comparable companies satisfying the above criteria are:

Comparable Company A: Minsheng Education Group Company Limited
(民生教育集團有限公司)
Stock Code: 1569 HK Equity
Listing date: 2017-03-22
Scope of operation: Educational services, including higher and vocational education services in China.

Comparable Company B: China New Higher Education Group Limited
(中國新高教集團有限公司)
Stock Code: 2001 HK Equity
Listing date: 2017-04-19
Scope of operation: Educational services, including degree program in applied sciences, in China.

Comparable Company C: China Yuhua Education Corporation Limited
(中國宇華教育集團有限公司)
Stock Code: 6169 HK Equity
Listing date: 2017-02-28
Scope of operation: Educational service, including educational courses from kindergarten to college, in China.

Comparable Company D: China Education Group Holdings Limited
(中國教育集團控股有限公司)
Stock Code: 839 HK Equity
Listing date: 2017-12-15
Scope of operation: Educational services, including bachelor's degree programs, junior college diploma programs and vocational education programs, in mainland China.

Comparable Company E: Virscend Education Company Limited
(成實外教育有限公司)
Stock Code: 1565 HK Equity
Listing date: 2016-01-15
Scope of operation: Educational services, including K-12 private education and Chengdu Institute Sichuan International Studies University, in Southwest China.

Comparable Company F: China Xinhua Education Group Limited
(中國新華教育)
Stock Code: 2779 HK Equity
Listing date: 2018-03-26
Scope of operation: Educational services, including undergraduate and vocational educational programs, in China.

The EV/EBITDA ratio of the comparable companies is calculated as the Enterprise Value as at the Valuation Date, divided by the EBITDA closest to the Valuation Date.

The EV/EBITDA of the comparable companies are summarized as below:

Comparable Company	**Ticker**	**EV/EBITDA**
Minsheng Education Group Co Ltd	1569 HK Equity	12.85
China New Higher Education Group Ltd	2001 HK Equity	14.32
China Yuhua Education Corp Ltd	6169 HK Equity	12.17
China Education Group Holdings Ltd	839 HK Equity	25.55
Virscend Education Co Ltd	1565 HK Equity	18.22
China Xinhua Education Group Ltd	2779 HK Equity	5.61
Average		**14.79**

Note: Adopted multiple is calculated as the average of the multiples of the comparable companies.

DISCOUNT FOR LACK OF MARKETABILITY (DLOM)

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

As there is no specific disclosure requirement for transactions involving non-listed companies in China, no information of such kind is readily available from public filing or announcements and thus no direct analysis on the DLOM can be performed. This limitation on data regarding the non-listed company transactions is similar in other countries. Thus for the analysis of the DLOM, theoretical models and empirical studies are the two common methodologies widely relied on for determining the DLOM. Of the theoretical models, put option methodology is a commonly recognized method in determining the DLOM. Of the empirical studies, most of the DLOM studies focus on restricted stock transactions. Restricted stock, also known as letter stock or restricted securities, refers to stock of a company that is not fully transferable (from the stock- issuing company to the person receiving the stock award) until certain conditions (restrictions) have been met.

In this valuation exercise, we have assessed the DLOM using the put option method, which is one of the most commonly used theoretical models. The concept is that when comparing a public share and a private share, holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. The value of put option is determined by "Black Scholes Option Pricing Model" with the following parameters.

Parameters	**31 March 2019**	**Remarks**
Option Type	European Put	
Spot Price and Exercise Price	1	Refer to *Note 1*
Maturity	3 years	Refer to *Note 2*
Risk Free Rate	2.675%	Yield Rate on 3-Year CNY China Sovereign Curve as at 29 March 2019 (the last available update prior to the Valuation Date) from Bloomberg
Volatility	61.56%	With reference to comparable companies as above
Implied DLOM	35%	

Note 1: At-the-money put option is assumed, that is the stock price equals the strike price which is its freely traded price which can be any price but both are assumed to be 1 (being equal to each other) for present purposes. Put option model is to measure the value of the put option in a scenario where the only difference between two identical securities is that one is marketable with a freely traded price (instead of a fixed strike price) and the other is non-marketable but provided with an option to sell it back also at its freely traded price at the end of the expected restriction period (i.e. the put option), such that the DLOM will be derived by comparing the value of the put option to the stock price.

Note 2: As there is no specific indication of the time to maturity, we have assumed that a liquidity event will occur 3 years after the Valuation Date. A liquidity event is an event, such as IPO, merger or sales, from which the subject asset will have marketability. The assumption of occurrence of a liquidity event is our normal approach to determine the maturity. The type of the liquidity event is not relevant for the purpose of determining the parameter used.

By using the put option method and based on the above assumptions, the estimated DLOM is around 35 percent.

Based on the above analysis, we apply 35 percent DLOM for this case.

CONTROL PREMIUM

Control Premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and do what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have attempted to use an empirical study to assess the appropriate control premium for the 100% equity interest of the College. We referred to a research paper published by FactSet Mergerstat, LLC in 2019 titled "FACTSET CONTROL PREMIUM STUDY 4TH QUARTER 2018", and acquired a control premium of 24% for the sector Services and Other.

CALCULATION OF VALUATION RESULT

Applying the DLOM at 35% and the control premium at 24% to the EV/EBITDA ratio at 14.79 results in an effective EV/EBITDA ratio at 11.92 as at the Valuation Date.

The calculation of the market value of 100% equity interest in the College of Science and Technology of Guizhou University as at the Valuation Date is as follows:

The College of Science and Technology of Guizhou University
Valuation Date: 2019-3-31

1	Multiples	EV/EBITDA
	Selected ListCo	
	1569 HK Equity	12.85
	2001 HK Equity	14.32
	6169 HK Equity	12.17
	839 HK Equity	25.55
	1565 HK Equity	18.22
	2779 HK Equity	5.61
	Average	14.79
	DLOM	35%
	Control Premium	24%
	Applied Multiple	11.92
2	Financial Data (RMB'000)	20180401-20190331
	EBITDA	44,373
3	Result of Valuation (RMB'000)	
	100 Equity Value	240,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherent subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the College, Hope Education and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the College over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

CONCLUSION OF VALUE

Based on the results of our investigations and analysis, we are of the opinion that the market value of 100% equity interest in the College of Science and Technology of Guizhou University as at the Valuation Date is reasonably stated at the amount of **RMB240 million**.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our reports were used as part of the Company's/engagement parties' analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the subject property rests solely with the Company/engagement parties.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The management and the Board of the Company/engagement parties have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the report is subject to the terms of engagement letter/proposal and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results

forecasted by the Company/engagement parties because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This report is confidential to the client and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation / Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company/engagement parties and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company/ engagement parties and other sources. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

17. The management or staff of the Company/engagement parties and/or its representatives have confirmed to us that the transaction or themselves or the parties involved in the pertained assets or transaction are independent to our firm and JLL in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independency in our work, the Company/engagement parties and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, so far as the Directors and chief executives of the Company are aware, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company
Wang Huiwu (汪輝武)[(1)]	Executive Director	Interest in controlled corporation	4,140,948,240	Long Position	62.11%
Wang Degen (王德根)[(2)]	Non-executive Director	Interest of spouse	4,140,948,240	Long Position	62.11%

Notes:

(1) Wang Huiwu (汪輝武) holds 96.00% interest in Maysunshine Limited, which in turn holds 49.00% interest in Hope Education Investment Limited. Hope Education Investment Limited holds 62.11% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.

(2) Wang Degen (王德根) and Zhang Qiang (張強) are spouses. Therefore, for the purpose of the SFO, Wang Degen (王德根) is deemed or taken to be interested in all the shares Zhang Qiang (張強) is interested in.

(b) **Directors who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

As at the Latest Practicable Date, other than the Directors whose interests are set out in the paragraph headed "2. Disclosure of Interests by Directors — (a) Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations" above, so far as the Directors and chief executives of the Company are aware, none of the Directors had, or were deemed to have, interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business (as would be required to be disclosed under rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

4. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT

None of the Directors was materially interested in any contracts or arrangement which is subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has, or had, any direct or indirect interest in any assets which had been or are proposed to be, since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any members of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group have been made up.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given its opinion or advice for the inclusion in this circular:

Name	Qualifications
Giraffe Capital Limited	a corporation licensed permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
JLL	an independent professional valuer
Tian Yuan Law Firm	Company's PRC Legal Adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, each of the above experts has, or had, no interest, directly or indirectly, in any assets which had been or proposed to be, since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

(a) the Acquisition Agreement and the related supplemental agreement;

(b) the PRC Legal Opinion prepared by Tian Yuan Law Firm;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 16 and 17 of this circular;

(d) the letter of advice from Giraffe Capital Limited to the Independent Board Committee and the Independent Shareholders;

(e) the consent letters from each of the experts referred to in the paragraph headed "Experts and consents" in Appendix II to this circular;

(f) the valuation report prepared by JLL, the text of which is set out in Appendix I to this circular; and

(g) this circular.

10. MISCELLANEOUS

(a) The joint company secretaries of the Company are Mr. Huang Zhongcai, who is currently the vice president and a member of presidents' meeting (總裁辦公會) of the Company, and Ms. Leung Wing Han Sharon, who is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The registered office of the Company is situated at PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands. The headquarters and principal place of business in China is at 5/F, Administrative Building, Sichuan TOP IT, Vocational Institute, 2000 Xi Qu Avenue, Pidu District, Chengdu, PRC. The principal place of business in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Hope Education Group Co., Ltd. (the "**Company**") will be held at 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on 10 July 2019 (Wednesday) at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

The acquisition agreement (the "**Acquisition Agreement**") dated 8 March 2019 entered into among (i) Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) ("**Hope Education**"); and (ii) Sichuan Tequ Education Management Limited (四川特驅教育管理有限公司) ("**Sichuan Tequ Education**") in relation to the transfer of the entire interests in Chengdu Maysunshine Education Management Co., Ltd. (成都五月陽光教育管理有限公司) from Sichuan Tequ Education to Hope Education, together with the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.

The board of directors of the Company be and is hereby authorised to do all such acts and things and execute all such documents which it considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder."

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

Hong Kong, 20 June 2019

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her/it in accordance with the Company's memorandum and articles of association. A proxy need not be a member of the Company but must be present in person to represent the member.

3. To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting (i.e. by 10:00 a.m. on 8 July 2019 (Monday)) or any adjournment thereof.

4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should they so wish, and in such event, the instrument appointing a proxy shall be revoked.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

6. Shareholders whose name appear on the Company's register of members on 10 July 2019 (Wednesday), will be eligible for attending and voting at the EGM. The Company's register of members will be closed from 5 July 2019 (Friday) to 10 July 2019 (Wednesday), both days inclusive, during which no transfer of shares will be registered. In order to be eligible for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 4 July 2019 (Thursday).