

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FURTHER ACQUISITION OF 30% INTERESTS IN JIEXING HUILV

Reference is made to the announcements (the “**Announcements**”) of Hope Education Group Co., Ltd. (the “**Company**”) dated 8 March 2019, 22 March 2019, 23 April 2019, 22 May 2019 and 10 July 2019 and its circular dated 20 June 2019 (the “**Circular**”) in relation to the acquisition of 100% interests in Maysunshine. Jiexing Huilv is owned as to 70% by Maysunshine, which is directly wholly-owned by Hope Education, and the remaining 30% interests in Jiexing Huilv are owned by Jiexing Training, which in turn is controlled by Guo Xiaolan. Jiexing Huilv owns the right as the sponsor of The College of Science and Technology of Guizhou University. Capitalised terms used herein shall have the same meaning as ascribed to them in the Announcements unless the context otherwise requires.

THE FURTHER ACQUISITION AGREEMENT

The Board is pleased to announce that on 22 July 2019, Hope Education (as purchaser) and Jiexing Training (as vendor) and Guo Xiaolan entered into the Further Acquisition Agreement, pursuant to which Jiexing Training and Guo Xiaolan agreed to transfer the remaining 30% interests in Jiexing Huilv and corresponding right as the sponsor of the College to Hope Education and Hope Education agreed to acquire such interests at a consideration of RMB78,000,000 (approximately HK\$91,764,706).

As at the date of this announcement, the Acquisition Agreement as set out in the Announcements and the Circular and the transaction contemplated thereunder have been approved, confirmed and ratified by the Independent Shareholders by way of poll at the EGM held on 10 July 2019. All necessary changes of the industrial and commercial registration and filing procedures involved in the transfer of equity interests under the Acquisition Agreement were completed on 11 July 2019, and Sichuan Tequ Education has transferred all relevant documents and information of Maysunshine, Jiexing Huilv and the College held by it to Hope Education. Jiexing Huilv has become a consolidated subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the Further Acquisition when aggregated with the Acquisition under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Further Acquisition shall constitute a discloseable transaction and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Jiexing Training (as vendor) holds 30% of the entire interests in Jiexing Huilv, an indirect non-wholly owned consolidated subsidiary of the Company, and thus is a substantial shareholder of Jiexing Huilv, and (ii) Guo Xiaolan is the actual controller who holds a majority interest in Jiexing Training, therefore, Jiexing Training and Guo Xiaolan are the Company's connected persons at the subsidiary level and the transaction contemplated under the Further Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Further Acquisition Agreement and (ii) all the independent non-executive Directors have confirmed that the terms of the Further Acquisition Agreement are fair and reasonable, the Further Acquisition Agreement is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Further Acquisition Agreement is only subject to the reporting and announcement requirements and are exempt from independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

The Shareholders and potential investors of the Company are reminded that the Further Acquisition is conditional upon the fulfillment of various conditions under the Further Acquisition Agreement. Therefore, the Further Acquisition may or may not materialize or be completed. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE FURTHER ACQUISITION AGREEMENT

The principal terms of the Further Acquisition Agreement are as follows:

Date: 22 July 2019

Parties: (1) Hope Education (as purchaser); and
(2) Jiexing Training (as vendor) and Guo Xiaolan.

Subject of the Further Acquisition:

Pursuant to the Further Acquisition Agreement, Hope Education agreed to acquire and Jiexing Training and Guo Xiaolan agreed to sell the 30% interests in Jiexing Huilv and corresponding right as the sponsor of the College.

Consideration and payment arrangements:

Pursuant to the Further Acquisition Agreement, the consideration for the acquisition of the 30% interests in Jiexing Huilv is RMB78,000,000 (approximately HK\$91,764,706), which shall be paid by Hope Education to Jiexing Training and Guo Xiaolan as follows:

- (i) RMB60,000,000 (approximately HK\$70,588,235) shall be paid to the joint account under the common control of Guo Xiaolan and Hope Education on the date the registration materials in respect of the transfer of interests have been officially filed with the competent department for industry and commerce after its pre-review;

- (ii) RMB60,000,000 (approximately HK\$70,588,235) in the joint account shall be transferred to the account designated by Jiexing Training and Guo Xiaolan on the date of completing all necessary changes of the industrial and commercial registration and filing procedures under the Further Acquisition Agreement;
- (iii) RMB9,000,000 (approximately HK\$10,588,235) shall be paid to an account designated by Jiexing Training and Guo Xiaolan within three working days after Jiexing Training having changed the legal representative of Jiexing Huilv and the Affiliated Entity to the person designated by Hope Education, and having been approved by and filed with the relevant competent authorities; and
- (iv) RMB9,000,000 (approximately HK\$10,588,235) shall be paid to an account designated by Jiexing Training and Guo Xiaolan within three working days after the completion of the matters mentioned in (i), (ii) and (iii) above, and Jiexing Training having changed all the directors and supervisors in Jiexing Huilv and the Affiliated Entity appointed by it to the persons designated by Hope Education, and having been approved by and filed with the relevant competent authorities.

The consideration will be funded by the proceeds from the Global Offering of the Group in August 2018.

Basis of the Consideration:

The consideration was determined after arm's length negotiations between the Company and Jiexing Training and Guo Xiaolan on normal commercial terms.

According to the valuation report prepared by JLL based on the market approach, 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), which was determined by JLL based on a review of legal status and economic condition of the College and an assessment of the proprietor or the operator of the College. The Board believes that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole, in view of the following factors: (i) the College is a comprehensive full-time undergraduate independent college with a good growth in student number and tuition fee; (ii) the location, brand name, reputation and market position of the College; (iii) the Company's recent observation of market value and acquisition consideration of schools with similar size; (iv) upon the completion of the Further Acquisition, the Company will have the entire interests of Jiexing Huilv so as to fully control its operations of the College; (v) for the three months period from 31 March 2019 (i.e. the date of valuation) to 30 June 2019, the total profit of the College is approximately RMB18,931,000 (approximately HK\$22,271,764) (unaudited), and therefore in accordance with the accounting principle of equity method, the share of profit attributable to the original 30% equity interests is approximately RMB5,679,300 (approximately HK\$6,681,529); and (vi) the reasons and benefits of the Further Acquisition, as set out in the section headed "Background of the Further Acquisition and the Reasons for and Benefits of Entering into the Further Acquisition Agreement" in this announcement.

Completion:

Upon completion of the Further Acquisition, Jiexing Huilv will become an indirect wholly-owned consolidated subsidiary of the Company, and its financial statements has been consolidated into the consolidated financial statements of the Company before then. The Group will recognise its interests in the College through Jiexing Huilv as an investment and will account for that investment using the equity method. For further details, please refer to pages 6 to 8 of the Circular.

INFORMATION ON JIEXING HUILV

Jiexing Huilv was established under the PRC laws on 9 September 2010. The College was approved by the MOE to be operated under the cooperation between Guizhou University and Jiexing Huilv in December 2014 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 years ended 31 December 2017 and 2018, the unaudited consolidated net profits of Jiexing Huilv prepared in accordance with the PRC GAAP are as follows:

For the year ended 31 December 2017:

Unaudited net loss (before and after tax): approximately RMB1,038,320 (equivalent to approximately HK\$1,221,553)

For the year ended 31 December 2018:

Unaudited net profit (before and after tax): approximately RMB15,338,658 (equivalent to approximately HK\$18,045,480)

As at 31 December 2018, the total consolidated assets and the net consolidated assets of Jiexing Huilv was RMB246,056,501 (unaudited) (equivalent to approximately HK\$289,478,236) and RMB190,664,799 (unaudited) (equivalent to approximately HK\$224,311,528).

BACKGROUND OF THE FURTHER ACQUISITION AND THE REASONS FOR AND BENEFITS OF ENTERING INTO THE FURTHER 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% interests in Jiexing Huilv on 6 September 2016. The Group subsequently disposed of its interests in Maysunshine, which was holding such 70% interests in Jiexing Huilv of the relevant time, 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. For further details, please refer to pages 272 to 274 of the Prospectus.

Notwithstanding the Group will still be unable to consolidate the financial statements of the College upon completion of the Acquisition and the Further Acquisition, the Group considered that the Further Acquisition at the consideration of RMB78,000,000 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: (i) Jiexing Huilv had gained effective management over the administrative, logistics and finance functions of the College by taking active measures; (ii) the College has grown to a school with over 9,000 students admitted to the New Campus built by Jiexing Huilv; and (iii) under the MOE Notices, it is the common intention of the Company and Jiexing Huilv and Guizhou University 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 Further Acquisition is also in line with the Company's strategy to expand its business and to integrate its operational resources in Guizhou province, and can further strengthen the core advantages in the business of higher education, which is beneficial to the Group as a whole.

For further details of the background of the Further Acquisition and reasons for and benefits of entering into the Further Acquisition Agreement, please refer to pages 9 to 13 of the Circular.

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

INFORMATION ON THE COMPANY, HOPE EDUCATION, JIEXING TRAINING AND GUO XIAOLAN

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.

Jiexing Training and Guo Xiaolan

Jiexing Training is a limited liability company established under the laws of the PRC on 1 February 2016 and is principally engaged in the training of civil aviation professional and technical personnel education. As at the date of this announcement, Jiexing Training holds 30% of the entire interests in Jiexing Huilv, an indirect non-wholly owned consolidated subsidiary of the Company, and thus is a substantial shareholder of Jiexing Huilv, and Guo Xiaolan is the actual controller who holds a majority interest in Jiexing Training, thus Jiexing Training and Guo Xiaolan are the Company's connected persons at the subsidiary level.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the Further Acquisition when aggregated with the Acquisition under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Further Acquisition shall constitute a discloseable transaction and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Jiexing Training (as vendor) holds 30% of the entire interests in Jiexing Huilv, an indirect non-wholly owned consolidated subsidiary of the Company, and thus is a substantial shareholder of Jiexing Huilv, and (ii) Guo Xiaolan is the actual controller who holds a majority interest in Jiexing Training, therefore, Jiexing Training and Guo Xiaolan are the Company's connected persons at the subsidiary level and the transaction contemplated under the Further Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Further Acquisition Agreement and (ii) all the independent non-executive Directors have confirmed that the terms of the Further Acquisition Agreement are fair and reasonable, the Further Acquisition Agreement is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Further Acquisition Agreement is only subject to the reporting and announcement requirements and are exempt from independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

The Shareholders and potential investors of the Company are reminded that the Further Acquisition is conditional upon the fulfillment of various conditions under the Further Acquisition Agreement. Therefore, the Further Acquisition may or may not materialize or be completed. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“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
“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Further Acquisition”	the transfer of 30% interests in Jiexing Huilv from Jiexing Training and Guo Xiaolan to Hope Education pursuant to the Further Acquisition Agreement
“Further Acquisition Agreement”	the equity transfer agreement entered into among Hope Education and Jiexing Training and Guo Xiaolan on 22 July 2019 in relation to the Further Acquisition
“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
“Guo Xiaolan”	the actual controller and one of the ultimate beneficial owners of Jiexing Training, thus a connected person of the Company at subsidiary level
“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
“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
“Jiexing Training”	Guizhou Jiexing Huilv Education Training Co., Ltd. (貴州捷星慧旅教育培訓有限公司), a limited liability company established under the laws of PRC on 1 February 2016, a connected person of the Company at subsidiary level
“JLL”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer appointed by the Company
“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)
“MOE Notices”	the Notice of the General Office of the Ministry of Education 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 and 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 in April 2019
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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” or “Affiliated Entity”	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 in December 2014
“%”	percentage

Notes:

In this announcement, 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 announcement, 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.

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

Hong Kong, 22 July 2019

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