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HOPE EDUCATION GROUP CO., LTD.

希望教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code:1765)

DISCLOSEABLE TRANSACTION

PROJECT INVESTMENT AGREEMENT IN RELATION TO GANSU COLLEGE

Joint Establishment of Gansu College

The Board is pleased to announce that, on 21 November 2018, Sichuan Hope Education, People's Government of Baiyin District, Baiyin City and Baiyin Municipal Economic Cooperation Bureau entered into the Project Investment Agreement in relation to Gansu College, pursuant to which the Group intends to establish Gansu College in Gansu Province, the PRC. Gansu College will be a higher education institution committed to cultivate talents with professional skills, with a planned capacity to accommodate more than 12,000 students. The total investment of the Education Project (including investment for acquiring the land use right of the Land) is RMB1.3 billion. The investment of the first phase of the Education Project is RMB0.8 billion, including the investments for acquiring land use right, construction of school premises and practical training base and installation of software and hardware; and the investment of the second phase of the Education Project is RMB0.5 billion. The period for construction is 3 years.

Acquisition of Land Use Right

Pursuant to the Project Investment Agreement, Sichuan Hope Education will acquire the State-owned land use right of the Land through the process of bidding invitation, auction or listing. The Land is located at the Yinxi Ecologic Industrial Park of Baiyin District, Baiyin City, Gansu Province, the PRC, including a total site area of approximately 800 mu (approximately 533,333.3 sq.m.) for education use and a total site area of approximately 300 mu (approximately 199,999.8 sq.m.) for type II residential land.

Listing Rules Implication

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

Introduction

The Board is pleased to announce that, on 21 November 2018, Sichuan Hope Education, People's Government of Baiyin District, Baiyin City and Baiyin Municipal Economic Cooperation Bureau entered into the Project Investment Agreement in relation to Gansu College, pursuant to which the Group intends to establish Gansu College in Gansu Province, the PRC. Gansu College will be a higher education institution committed to cultivate talents with professional skills, with a planned capacity to accommodate more than 12,000 students. The total investment of the Education Project (including investment for acquiring the land use right of the Land) is RMB1.3 billion. The investment of the first phase of the Education Project is RMB0.8 billion, including the investments for acquiring land use right, construction of school premises and practical training base and installation of software and hardware; and the investment of the second phase of the Education Project is RMB0.5 billion. The period for construction is 3 years.

Acquisition of Land Use Right

Pursuant to the Project Investment Agreement, Sichuan Hope Education will acquire the State-owned land use right of the Land through the process of bidding invitation, auction or listing. The Land comprises a total site area of approximately 800 mu (approximately 533,333.3 sq.m.) for education use and a total site area of approximately 300 mu (approximately 199,999.8 sq.m.) for type II residential land.

Principal Terms of the Project Investment Agreement

- Date:** 21 November 2018
- Parties:**
- (1) People's Government of Baiyin District, Baiyin City;
 - (2) Sichuan Hope Education; and
 - (3) Baiyin Municipal Economic Cooperation Bureau.

Subject Matter: Pursuant to the Project Investment Agreement, Sichuan Hope Education intends to establish Gansu College and invest to construct a new campus on the Land. Pursuant to the terms of the agreement, People’s Government of Baiyin District, Baiyin City has agreed to provide administrative supports for the establishment of Gansu College, including but not limited to making the application in relation to establishing “Gansu Vocational & Technical College” in Baiyin City to the Gansu Department of Education, listing the Education Project as a key project of the Baiyin City, offering favourable policies, forming a project building leading group led by main leaders to provide full-process service for tasks of the Sichuan Hope Education project such as project approval and construction investment. In addition, Baiyin Municipal Economic Cooperation Bureau has also agreed to provide administrative supports for the establishment of Gansu College, including completing procedures in relation to the Education Project for Sichuan Hope Education, urging People’s Government of Baiyin District, Baiyin City to complete the construction of the supporting infrastructure facilities surrounding the campus and assisting Sichuan Hope Education in obtaining favourable policies and fund supports.

Location of the Land: The Land is located at the Yinxi Ecologic Industrial Park of Baiyin District, Baiyin City, Gansu Province, the PRC.

Total site area: A total site area of approximately 800 mu (approximately 533,333.3 sq.m.) for education use and a total site area of approximately 300 mu (approximately 199,999.8 sq.m.) for type II residential land.

Use of the Land: Pursuant to the Project Investment Agreement, the Land is primarily for education and relevant ancillary uses. Currently, the Group intends to construct a number of residential buildings on the Land for establishing Gansu College and construct a number of supporting commercial and residential facilities surrounding Gansu College to meet the accommodation needs of students and teachers.

Term of land use right:

The term of the land use right of the land for education use is 50 years commencing from the completion date of acquiring land use right, and the term of the land use right of the type II residential land is 70 years commencing from the the completion date of acquiring land use right.

Consideration and terms of payment:

After consideration (including the type, education programs and number of students of Gansu College, and the Group's observations on the recent market capitalizations of the schools with similar scale, the costs for constructing the new campus and the value to be derived from the management of Gansu College), the total investment of the Group for the Education Project is RMB1.3 billion. The investment of the first phase of the Education Project is RMB0.8 billion, including the investments for acquiring land use right, construction of school premises and practical training base and installation of software and hardware; and the investment of the second phase of the Education Project is RMB0.5 billion.

The total consideration for acquiring land use right of the Land will be determined according to the actual price of bidding invitation, auction or listing. In determining the consideration of the land use right of the land of the project, the Group has taken multiple factors into consideration, such as the considerations for the State-owned land use rights of adjacent lands with similar scale and use, the current conditions of the property market and the general economic environment of the PRC. The Directors consider that the consideration of the land use right of the land of the project reflects the fair value of the Land.

The land use right of the land of 500 mu for education use and land use right of the land of 300 mu for type II residential use in the first phase shall be granted simultaneously, and People's Government of Baiyin District, Baiyin City shall, within one month from the date of the signing of the land supply agreement, deliver the land of 500 mu for education use and the land of 300 mu for type II residential use to the education investment company established by Sichuan Hope Education and the designated project company, respectively; in case of extraordinary circumstances, the land use right of the Land shall be transferred within two months therefrom. Sichuan Hope Education will acquire the State-owned land use right of the Land through the process of bidding invitation, auction or listing.

Source of funds:

The investment will be financed on a yearly basis by the Group's own funds, third party bank loans and the income generated from the college after completion or government subsidies (if any).

Reasons and Benefits of the Acquisition

It is expected that Gansu College will be put into operation in September 2019 and the Group will construct school premises and facilities in light of the increases in the number of students enrolled year by year. The Board believes that the Project Investment Agreement is a result of the Group's continuous efforts in expanding its school network and increasing its penetration rate in the market. The Board considers that the transaction contemplated under the Project Investment Agreement will lay a solid foundation for the Group to complete its plan in relation to the establishment of Gansu College.

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

Listing Rules Implication

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

Information on the Company and Sichuan Hope Education

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

Information on the People's Government of Baiyin District, Baiyin City and Baiyin Municipal Economic Cooperation Bureau

The People's Government of Baiyin District, Baiyin City is a government authority which is principally engaged in the management and operation of political affairs of Baiyin District. Baiyin Municipal Economic Cooperation Bureau is a government authority which is principally engaged in investment promotion works. To the best of the knowledge and information of Directors having made all reasonable enquiries, the People's Government of Baiyin District, Baiyin City, Baiyin Municipal Economic Cooperation Bureau and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Definitions

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

“Board”	The board 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, the Shares of which are listed on the Stock Exchange on 3 August 2018;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;

“Education Project”	the establishment of Gansu College in accordance with the terms of the Project Investment Agreement;
“Gansu College”	the Gansu Vocational & Technical College (甘肅職業技術學院), a private organization of higher education college to be established under the PRC laws;
“Group”	the Company and its subsidiaries, including its consolidated affiliated entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the parcel of land located at the Yinxi Ecologic Industrial Park of Baiyin District, Baiyin City, Gansu Province, PRC, including 800 mu (approximately 533,333.3 sq.m.) for education use and 300 mu (approximately 199,999.8 sq.m.) of type II residential land;
“Listing Rules”	The Rules Governing the Listing of Securities on the Mainboard of the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project Investment Agreement”	the project construction agreement of Gansu Vocational & Technical College entered into by Sichuan Hope Education, the People’s Government of Baiyin District, Baiyin City and Baiyin Municipal Economic Cooperation Bureau on 21 November 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Sichuan Hope Education”	Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), a limited liability company established under the laws of PRC on 12 January 2005, one of the Company’s consolidated affiliated entities;
“sq.m.”	square meter;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules;
and
“%” percentage.

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

Hong Kong, 21 November 2018

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.