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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF A PRIVATE COLLEGE IN HEBI

The board of directors (the “**Board**”) of Hope Education Group Co., Ltd. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities the “**Group**”) wishes to disclose the information on the acquisition by the Group of Hebi Automotive Engineering Professional College (鶴壁汽車工程職業學院) to the shareholders and potential investors of the Company.

Acquisition

On 29 July 2019, the Group entered into a sale and purchase agreement with an independent third party in relation to the acquisition by the Group (the “**Acquisition**”) of 95% interests in Hebi Automotive Engineering Professional College (鶴壁汽車工程職業學院) (the “**Target School**”) at a cash consideration of RMB160 million (the remaining portion of the installments of cash consideration after the repayment of the debts of the college before the Acquisition on behalf of the original shareholders shall be the consideration for the equity transfer), which will be funded by the proceeds from the global offering of the Group in August 2018.

Pursuant to the acquisition agreement, Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) (“**Hope Education**”) shall make its first installment of payment of RMB14 million to the Target School for the repayment of debts, upon which Hope Education will acquire its full control on the operation and management of the Target School. The remaining portion of the consideration will be paid on a year-by-year basis subject to the healthy and stable operation of the Target School.

Background of the Target School

Established in 2011, the Target School is located in Henan Province, which is ranked 3rd in China in terms of the number of population, and is the only automobile engineering general college in the province. The Target School has more than 40 majors and directions in automotive, electronics, mechanical, economic and management fields, and has the national leading majors in automotive wiring harness and automobile lamp. Meanwhile, the Target School has been approved as two municipal engineering technology centers (Hebi City Automotive Lightweight Engineering Technology Research Center and Hebi City New Energy Automotive Technology Engineering Technology Research Center) and a municipal key laboratory (Hebi City Key Laboratory of New Energy Automotive Power System), which have formed a group of distinctive automotive specialties. The people’s government of Hebi City, Henan Province, China (“**Hebi Government**”) plans to develop the Target School into the first private undergraduate college in Hebi City.

The Target School covers an area of approximately 320 mu (equivalent to approximately 213,331 square meters), and there are 96,000 square meters of teaching buildings, student dormitories and relevant facilities on the land, of which 76,000 square meters of buildings have been completed and 20,000 square meters of dormitories will be completed in the near future. Currently, there are 4,504 students in the Target School, and the capacity of the Target School will be expanded to more than 7,000 students upon completion.

Reasons and Benefits for the Acquisition

China is currently experiencing a period of economic transformation and a shortage of high-quality technical talents. In order to meet the needs for technical talents under the “Made in China 2025 (中國製造2025)” plan, the Implementation Plan on Reform of National Vocational Education (《國家職業教育改革實施方案》) promulgated in January 2019 requires to make great efforts on the development of the vocational education and encourages the involvement of private capital in the vocational education to expand the scale of the vocational education. In March 2019, the PRC government proposed to increase the number of students to be enrolled by higher vocational colleges by 1 million in 2019. The Acquisition is in line with the guidance of national policy and the strategic direction of the Group.

The automotive industry is one of the pillar industries in Henan Province and Hebi City. In order to seize the structural opportunities arising from the transformation and upgrade of the automotive industry and accelerate the development of high-quality professional technical talents in such field, the Hebi Government plans to create an automotive undergraduate vocational college. As an education group with extensive experience in higher education and good reputation, the Group receives support and trust from the Hebi Government. The Group has extensive experience in the operation and management of automotive colleges. In 2013, the Group established Sichuan Hope Automotive Vocational College (Automotive Colleges) in Ziyang City, Sichuan Province, which is the first automotive university set up by the Group. Meanwhile, each of Sichuan TOP IT Vocational Institute, Guizhou Vocational Institute of Technology and Sichuan Hope Automotive Technical College subordinate to the Group has set up majors in automotive.

The acquisition of the Target School will be a good integration of the resources of the Group’s automotive colleges. It will also strengthen the Target School’s ability to run a school and enroll students, so as to cultivate outstanding graduates and better serve the society. Based on the above considerations, we believe the Acquisition will have a satisfactory synergistic effect with the operation of the Group’s existing colleges and universities and will facilitate the Group to expand its scale of running schools.

Others

The Acquisition does not constitute a notifiable transaction or connected transaction under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is made by the Company on a voluntary basis.

As the Acquisition is subject to government approvals, it may or may not proceed as contemplated or at all. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 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.