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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

The Board of the Company is pleased to announce the interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 29 February 2020, together with comparative figures for the six months ended 30 June 2019.

FINANCIAL SUMMARY

	For the six months ended 29 February 2020 *(in millions of RMB)* *Unaudited*	For the six months ended 28 February 2019 *(in millions of RMB (proforma)[6]*	Change *(in millions of RMB)*	Change *(Percentage)*	For the six months ended 30 June 2019 *(in millions of RMB)* *Unaudited*
Revenue	**870.63**	595.92	274.71	46.1%	594.73
Gross profit	**457.33**	303.09	154.24	50.9%	315.59
Adjusted gross profit[1]	**480.68**	305.05	175.63	57.6%	317.49
Adjusted gross profit margin	**55.2%**	51.2%	–	4.0%	53.4%
Net profit	**333.77**	150.52	183.25	121.7%	243.48
Adjusted net profit[2]	**382.93**	229.03	153.90	67.2%	258.43
Adjusted net profit margin	**44.0%**	38.4%	–	5.6%	43.5%

	2019/2020 school year[5]	**2018/2019 school year[5]**	**Change**	**Change** *(percentage)*
New students enrolled[3]	**48,789**	31,025	17,764	57.3%
Total student enrollment[4]	**140,125**	86,033	54,092	62.9%

Notes:

1. Adjusted gross profit is measured by gross profit for the period after eliminating additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy and Hebi Automotive Engineering Vocational College.

2. Adjusted net profit is measured by deducting (i) equity-settled share option expense; (ii) additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy, Hebi Automotive Engineering Vocational College and The College of Science and Technology of Guizhou University; (iii) exchange gains or losses; (iv) finance cost accrued at amortized cost because of over one year payment period for purchase of equity interest under the relevant agreement. The difference between the adjusted net profit of RMB256.55 million for the six months ended 30 June 2019 in the interim results announcement for the six months ended 30 June 2019 and the adjusted net profit of RMB258.43 million for the six months ended 30 June 2019 in this report was RMB1.90 million, which was mainly due to deducting the additional depreciation and amortization from fair value adjustment resulted from acquisition of identifiable assets during the year. The Company considers that the deduction of additional depreciation and amortization from fair value adjustment resulted from acquisition of identifiable assets could eliminate potential impacts of items that the management do not consider to be indicative of the Group's operating performance, which in turns facilitates comparisons of operating performance from period to period and company to company.

3. Number of new students enrolled as of 29 February 2020 includes 10,527 students enrolled in newly merged and acquired schools for the year, namely College of Science and Technology of Guizhou University, Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology and Yinchuan University of Energy as of 29 February 2020. Number of students enrolled in original schools as of 29 February 2020 was 38,262.

4. Total number of students enrolled as of 29 February 2020 includes students of the original eight colleges, one technical college, as well as four newly merged and acquired schools and one newly established technical college in 2019 but excludes students of continuing education.

5. An academic year generally starts from 1 September of each calendar year to 31 August of the following calendar year.

6. In order to provide meaningful comparative information, the Group has prepared proforma financial information covering the six months ended 28 February 2019 (proforma period). The proforma figures have not been audited. Source of the proforma financial information: The consolidated management statements of the Company for the period from 1 September 2018 to 28 February 2019.

Non-IFRS Measurement

To supplement the Group's interim condensed consolidated financial statements which are presented in accordance with IFRS, the Company also uses adjusted gross profit, adjusted net profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance.

Calculation of adjusted gross profit

Item	**For the six months ended 29 February 2020** ***(in millions of RMB)***	For the six months ended 30 June 2019 *(in millions of RMB)*	For the six months ended 28 February 2019 *(in millions of RMB)* *(Proforma)*
Gross profit	**457.33**	315.59	303.09
Add:			
Additional depreciation and amortization from fair value adjustment of identifiable assets resulted from acquisition of:	**–**	–	
Jinci College of Shanxi Medical University	**0.44**	0.44	0.44
Sichuan Vocational College of Culture & Communication	**0.58**	0.73	0.73
Sichuan TOP IT Vocational Institute	**0.65**	0.73	0.79
Suzhou Top Institute of Information Technology	**3.41**	–	
Yinchuan University of Energy	**17.58**	–	
Hebi Automotive Engineering Vocational College	**0.69**	–	
Adjusted gross profit	**480.68**	317.49	305.05

Calculation of adjusted net profit

Item	**For the six months ended 29 February 2020** ***(in millions of RMB)***	For the six months ended 30 June 2019 *(in millions of RMB)*	For the six months ended 28 February 2019 *(in millions of RMB)* *(Proforma)*
Profit from continuing operations for the period	**333.77**	243.48	150.52
Add:			
Equity-settled share option expense	**8.19**	16.06	55.45
Exchange loss	**2.96**		21.10
Additional depreciation and amortization from fair value adjustment of identifiable assets resulted from acquisition of:	**–**	–	
Jinci College of Shanxi Medical University	**0.44**	0.44	0.44
Sichuan Vocational College of Culture & Communication	**0.58**	0.73	0.73
Sichuan TOP IT Vocational Institute	**0.65**	0.73	0.79
Suzhou Top Institute of Information Technology	**3.75**	–	
Yinchuan University of Energy	**18.66**	–	
Hebi Automotive Engineering Vocational College	**1.02**	–	
College of Science and Technology of Guizhou University	**3.05**	–	
Finance cost accrued at amortized cost because of a over one year payment period for purchase of equity interest under the relevant agreement	**9.86**	–	
Less:			
Exchange gains	**–**	2.99	
Adjusted net profit	**382.93**	258.45	229.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 29 February 2020

	Notes	For the six months ended 29 February 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)
Revenue	*2*	**870,627**	594,730
Cost of sales		**(413,297)**	(279,139)
Gross profit		**457,330**	315,591
Other income and gains	*2*	**144,778**	100,913
Gain on a bargain purchase		**27,256**	–
Selling expenses		**(29,938)**	(11,918)
Administrative expenses		**(115,591)**	(68,934)
Other expenses		**(11,492)**	(3,194)
Finance costs	*3*	**(102,133)**	(74,216)
Share of profit of a joint venture		**7,661**	–
Profit before tax	*4*	**377,871**	258,242
Income tax expense		**(44,098)**	(14,763)
Profit for the period		**333,773**	243,479
Other comprehensive income for the period		**–**	–
Total comprehensive for the period		**333,773**	243,479
Profit and total comprehensive income attributable to:			
Owners of the Company		**333,599**	243,306
Non-controlling interests		**174**	173
		333,773	243,479
Earnings per share attributable to ordinary equity holders of the Company:	*6*		
Basic		**RMB0.050**	RMB0.036
Diluted		**RMB0.049**	RMB0.036

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2020

	Notes	**29 February 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,633,444**	4,563,972
Right-of-use assets		**1,152,951**	1,163,340
Goodwill	*7*	**595,820**	595,820
Amounts due from related parties		**279,610**	275,110
Other intangible assets		**216,893**	218,976
Investment in a joint venture		**194,650**	196,242
Prepayments, deposits and other receivables		**347,299**	224,815
Restricted bank balance	*10*	**98,707**	108,787
Deferred tax assets		**2,225**	1,404
Total non-current assets		**7,521,599**	7,348,466
CURRENT ASSETS			
Trade receivables	*8*	**9,101**	3,714
Prepayments, deposits and other receivables		**778,952**	720,787
Amounts due from related parties		**53,013**	30,868
Structured deposits	*10*	**1,013,585**	1,002,967
Other financial assets at fair value through profit or loss	*10*	**–**	9,310
Restricted bank balance	*11*	**60,080**	50,000
Cash and cash equivalents	*11*	**1,097,417**	1,690,419
Total current assets		**3,012,148**	3,508,065
CURRENT LIABILITIES			
Contract liabilities		**638,435**	806,431
Trade payables		**29,489**	33,610
Other payables and accruals		**1,805,209**	1,142,865
Deferred income	*14*	**32,062**	32,545
Lease liabilities		**32,764**	27,825
Interest-bearing bank and other borrowings	*15*	**981,217**	1,003,293
Amounts due to related parties		**30,844**	30,763
Taxes payable		**62,828**	65,203
Total current liabilities		**2,892,848**	3,142,535
NET CURRENT ASSETS		**119,300**	365,530
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,640,899**	7,713,996

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)
As at 29 February 2020

	Notes	**29 February 2020** *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
NON-CURRENT LIABILITIES			
Other payables		**346,206**	343,885
Deferred income	*14*	**1,075,976**	1,072,673
Lease liabilities		**127,357**	132,662
Interest-bearing bank and other borrowings	*15*	**1,514,813**	1,593,599
Deferred tax liabilities		**5,794**	5,889
Total non-current liabilities		**3,070,146**	3,148,708
NET ASSETS		**4,570,753**	4,565,288
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**454**	454
Reserves		**4,567,204**	4,561,763
		4,567,658	4,562,217
Non-controlling interests		**3,095**	3,071
Total equity		**4,570,753**	4,565,288

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2020

	Attributable to owners of the Company								
	Issued capital	**Share premium***	**Capital reserve***	**Statutory surplus reserve***	**Share option reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
As at 1 September 2019	**454**	**2,596,260**	**598,468**	**252,261**	**135,543**	**638,225**	**4,221,211**	**2,891**	**4,224,102**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**333,599**	**333,599**	**174**	**333,773**
Issue of shares	**–**	**6,427**		**–**	**(1,771)**	**–**	**4,656**	**–**	**4,656**
Capital contribution by a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30**	**30**
Transfer from retained profits	**–**	**–**	**–**	**72,590**	**–**	**(72,590)**	**–**	**–**	**–**
Equity-settled share option arrangement	**–**	**–**	**–**	**–**	**8,192**	**–**	**8,192**	**–**	**8,192**
As at 29 February 2020	**454**	**2,602,687**	**598,468**	**324,851**	**141,964**	**899,234**	**4,567,658**	**3,095**	**4,570,753**
As at 1 January 2019	454	2,701,755	598,426	234,221	122,345	500,069	4,157,270	2,882	4,160,152
Profit and total comprehensive income for the period	–	–	–	–	–	243,306	243,306	173	243,479
Transfer from retained profits	–	–	–	45,874	–	(45,874)	–	–	–
Final 2018 dividend declared	–	(105,495)	–	–	–	–	(105,495)	–	(105,495)
Equity-settled share option arrangement	–	–	–	–	16,055	–	16,055	–	16,055
As at 30 June 2019	454	2,596,260	598,426	280,095	138,400	697,501	4,311,136	3,055	4,314,191

* These reserve accounts comprise the consolidated reserves of RMB4,567,204,000 in the consolidated statement of financial position as at 29 February 2020 (31 December 2019: RMB4,561,763,000).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 29 February 2020

	For the six months ended	
	29 February 2020	30 June 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**377,871**	258,242
Adjustments for:		
Depreciation of items of property, plant and equipment	**99,077**	73,717
Depreciation of right-of-use assets	**31,222**	15,996
Amortisation of other intangible assets	**6,840**	4,590
Deferred income released to profit or loss	**(13,513)**	(4,896)
Interest income	**(45,727)**	(56,342)
Finance costs	**102,133**	74,216
(Gains)/losses on disposal of items of property, plant and equipment, net	**(20,831)**	869
Losses on disposal of subsidiaries	**2,011**	–
Gain on bargain purchase	**(27,256)**	–
Equity-settled share option expense	**8,192**	16,055
Share of profit of a joint venture	**(7,661)**	–
Fair value gains on financial assets through profit or loss, net	**(346)**	(757)
Other interest income from financial assets at fair value through profit or loss	**(19,053)**	–
Foreign exchange losses/(gains), net	**2,959**	(3,181)
	495,918	378,509
Increase in inventories	**–**	(1,425)
Increase in prepayments, deposits and other receivables	**(2,164)**	(16,144)
Increase in trade receivables	**(8,426)**	–
Increase in amounts due from related parties	**(11,061)**	(3,098)
Decrease in contract liabilities	**(217,565)**	(471,062)
Increase in trade payables	**17,675**	–
Decrease in amounts due to related parties	**(8,474)**	(2,067)
Decrease in other payables and accruals	**(127,537)**	(26,178)
Receipt of government grants related to expense items	**5,354**	–
Cash generated from/(used in) operations	**143,720**	(141,465)
Bank interest received	**5,736**	23,100
Corporate income tax and land appreciation tax paid	**(19,093)**	(15,155)
Net cash flows from/(used in) operating activities	**130,363**	(133,520)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 29 February 2020

	For the six months ended	
	29 February	30 June
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(311,742)**	(91,736)
Prepaid land lease payments	**(180,890)**	(19,807)
Additions to other intangible assets	**(1,273)**	(1,736)
Payment of other payables relating to disposal of items of property, plant and equipment in the prior year	**–**	(19,887)
Acquisition of subsidiaries	**(63,206)**	–
Acquisition of subsidiaries that is not a business	**(42,020)**	–
Prepayment for acquisition of equity interests	**(35,033)**	(20,000)
Proceeds from disposal of items of property, plant and equipment	**37,970**	3,282
Increase in amounts due from related parties	**(278,679)**	(515)
Receipt of government grants for property, plant and equipment	**211,860**	32,036
Decrease in a restricted bank balance	**663**	–
Loans to an independent third party	**(87,000)**	–
Decrease/(increase) in time deposits with original maturity of over three months	**531,469**	(597,971)
Decrease/(increase) in financial assets at fair value through profit or loss, net	**261,700**	757
Investment income from financial assets at fair value through profit or loss	**22,577**	–
Interest income received from time deposits	**28,620**	3,702
Loan repaid by an independent third party	**1,120**	–
Interest income received from an independent third party	**154**	–
Net cash flows from/(used in) investing activities	**96,290**	(711,875)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 29 February 2020

	For the six months ended 29 February 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	**580,000**	114,950
Repayment of bank and other borrowings	**(591,070)**	(114,939)
Interest paid	**(91,280)**	(61,845)
Dividends paid	**–**	(105,495)
Principal portion of lease payments	**(6,456)**	(9,032)
Interest portion of the lease liabilities	**(5,153)**	(5,017)
Receipt of investment for a subsidiary	**30**	–
Proceeds from the issue of shares	**4,656**	–
Repayment of other loans recorded in other payables	**(28,068)**	–
Interest paid to a related party	**(34,787)**	–
Net cash flows used in financing activities	**(172,128)**	(181,378)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**54,525**	(1,026,773)
Cash and cash equivalents at beginning of the period	**829,243**	2,588,905
Effect of foreign exchange rate changes, net	**(2,959)**	3,181
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**880,809**	1,565,313
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as stated in the consolidated statement of financial position *(note 9)*	**1,097,417**	2,613,284
Less: Time deposits with original maturity over three months	**(216,608)**	(1,047,971)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**880,809**	1,565,313

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

During the Reporting Period, the Group has operated and invested in twelve higher education schools and two technical colleges in China, including (i) five undergraduate colleges, namely, Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Business College of Guizhou University of Finance and Economics, College of Science and Technology of Guizhou University and Yinchuan University of Energy; (ii) seven junior colleges, namely Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College and Suzhou Top Institute of Information Technology; and (iii) two technical colleges, namely, Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology. As of 29 February 2020, the student enrollment in our schools was 140,125, representing a significant increase of 62.9% as compared with that as of 28 February 2019. We have established a national enrollment network.

Significant Events for the Reporting Period

(1) In September 2019, the Group completed the consolidation of financial results of several schools and companies including Hebi Automobile Engineering Vocational College, Suzhou Top Institute of Information Technology and Yinchuan University of Energy.

(2) In September 2019, The Group completed the new enrollment work for the 2019 ~ 2020 school year, with 48,789 new students enrolled, representing an increase of 57.3% over the previous year; the number of full-time students in all schools exceeded 140,000.

(3) In February 2020, the Group signed the acquisition agreement for Inti International University of Malaysia at a consideration of US$140 million. Inti International University is the largest private higher education institution in Malaysia. There are currently 16,557 students in Inti International University. The audited revenue for 2019 was about RMB489 million with the adjusted EBITDA of RMB102 million. This acquisition is conditional upon the vendor having obtained all necessary approvals granted by the MOE for the change of the ownership from the vendor to the purchaser and the change of directors. Upon completion of relevant approval process, Inti International University will become one of the Group's institutions, and its financial results will be consolidated into the Group's accounts.

Our Schools

As at 29 February 2020, we operated and invested five undergraduate colleges, seven junior colleges and two technical colleges. The table below sets out some details of our schools.

School	Year Founded	Year of Joining our Group	Description
Southwest Jiaotong University Hope College	2009	2009	The college offered a total of 43 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the Western region.
Jinci College of Shanxi Medical University	2002	2014	The college offered a total of 13 undergraduate majors and is one of the twelve private undergraduate medical schools in China and is the only independent college in Shanxi that provides clinical medical education.
Business College of Guizhou University of Finance and Economics	2004	2014	The college offered a total of 28 undergraduate majors, featuring economics and management and finance majors.
College of Science and Technology of Guizhou University	2001	2019	The college offered 24 majors to train professional talents possessing knowledge and skills in information technology, science and finance.
Yinchuan University of Energy	1999	2019	The university offered 24 undergraduate majors, covering 8 disciplines, had 1 national key laboratory and 3 provincial experimental teaching demonstration centers. It is the only private university in Ningxia that can enroll foreign students.
Tianyi College	1994	2011	The college offered 21 majors and is one of the first private schools (totaling seven schools) in China and the first private school in Southwest China approved to be a formal private higher education institution.
Sichuan Hope Automotive Vocational College	2013	2013	The college offered 21 majors, specialising in automobile related majors.
Sichuan Vocational College of Culture & Communication	2005	2014	The college offered over 30 majors, specialising in film, media and pre-school education majors.
Guizhou Vocational Institute of Technology	2016	2016	The college offered over 10 majors, specialising in pre-school education and healthcare majors.

School	Year Founded	Year of Joining our Group	Description
Sichuan TOP IT Vocational Institute	2000	2017	The college offered 39 majors, specialising in computer and information and software technology majors and is the MOE approved national demonstration software vocational and technical college and the national high-skilled personnel training base for the electronic information industry.
Hebi Automotive Engineering Vocational College	2011	2019	The college offered over 40 majors to train professional talents possessing automobile related knowledge and skills.
Suzhou Top Institute of Information Technology	2003	2019	The college offered 30 majors, specialising in computer and information software technology majors.
Sichuan Hope Automotive Technical College	2016	2016	The college offered 15 majors to train professional talents possessing automobile related knowledge and skills.
Guizhou Technical College of Technology	2019	2019	The college offered 10 majors, specialising in pre-school education and healthcare majors.

Southwest Jiaotong University Hope College

The first university (independent college) established by the Group in 2009, located in Chengdu, Sichuan Province, provides undergraduate and junior college education. The number of students in 2019-2020 academic year reached a new record; the one-time employment rate of 2019 graduates reached 95.7%, and the one-time employment rate of graduates exceeded 95% for seven consecutive years. Transportation and civil engineering were approved as the first-class undergraduate majors at the provincial level and recommended to be part of the national "Double-10,000 Program".

Jinci College of Shanxi Medical University

Jinci College of Shanxi Medical University is an independent undergraduate medical college in Shanxi Province. It is the only independent college of full-time undergraduate education for medical majors in Shanxi Province, and one of the only 12 private undergraduate medical colleges in China. Jinci College offers 13 majors, including clinical medicine, stomatology, anesthesiology and nursing. As of 29 February 2020, the registration rate of new students in Jinci College was 99.08%, which had been rising continuously since 2015 (93.17%), and reached a new high.

Business College of Guizhou University of Finance and Economics

Business College of Guizhou University of Finance and Economics is an independent undergraduate college of finance and economics in Guizhou Province. The college covers a total area of 1,038 mu and has over 18,000 full-time undergraduate students. In the past five years, the enrollment work of the Group has reached a new high, and the registration rate ranked in the forefront of similar schools and ranked first in the province. In 2019, the registration rate of new students reached 97.15%, reaching a new record.

College of Science and Technology of Guizhou University

College of Science and Technology of Guizhou University is a comprehensive independent college in Guizhou Province. It has successively won the titles of national "Advanced Independent College (先進獨立學院)", national "Advanced Grassroots Party Organization with Excellent Performance (創先爭優先進基層黨組織)", national "8 March Red-banner Group (三八紅旗集體)", national "Advanced Education and Scientific Research Group under the 11th Five-Year Plan (「十一五」教育科研先進集體)". At present, it has 24 undergraduate majors, such as law, finance, Internet of things engineering, communication engineering, financial management, etc., covering seven disciplines, including literature, law, economics, management, science, engineering and art. As of 29 February 2020, the College of Science and Technology had more than 9,500 students, which reached a new record.

Yinchuan University of Energy

Founded in October 1999, the undergraduate college is located in Ningxia and provides undergraduate and junior college education, with 24 undergraduate majors. The college covers an area of more than 1,500 mu and has a school building area of nearly 480,000 square meters. It has the largest library among higher education institutions in Ningxia in terms of single zone area, with more than 1 million books. The college has 1 national key laboratory, 3 provincial experimental teaching demonstration centers, 3 provincial off-campus practical education bases for college students, 9 practical teaching centers, 182 experimental training rooms and 65 stable off-campus practice bases for college students built with enterprises. The college is the intended cooperative college of the national "Internet + Made in China 2025" Plan for the Integration and Promotion of Industry and Education (「互聯網+中國製造2025」產教融合促進計劃專案) and is the only private higher education institution in Ningxia that can enroll foreign students.

Tianyi College

Founded in 1994, Tianyi College was one of the first private schools in China and the first private school in Southwest China approved by the MOE to be a formal private higher education institution, covering an area of more than 1,200 mu. As of 29 February 2020, the college was successfully approved with the second batch of national 1+X pilot certificates (website operation and promotion), established three provincial featured majors, one key featured major of Sichuan Association for Non-Government Education (四川省民辦教育協會), and 20 teacher scientific research projects. In respect of cooperation between the college and enterprises, the 2016 and 2018 Baoye order classes were established by the department of construction engineering and Baoye Group, and 1 set of teaching materials was jointly developed. In respect of practical training, 41 off-campus training bases were established.

Sichuan Hope Automotive Vocational College

Sichuan Hope Automotive Vocational College was the first formal higher education institution established by the Group in Ziyang, Sichuan Province in 2013. As of 29 February 2020, the number of students of the college achieved a new record high. In respect of training, the college equipped with more than 120 training rooms, such as automobile engine disassembly and assembly training room, automobile chassis disassembly and assembly training room and automobile structure training room. In respect of cooperation between the college and enterprises, the college successively signed school-enterprise cooperation agreements with more than 100 well-known enterprises such as Changzheng-BMW Group (長徵寶馬集團), Sichuan Hyundai Automobile and CRRC Group. In respect of scientific research, majors of rehabilitative technology (provincial approved) and midwifery (provincial approved) applied by the college were approved in 2019.

Sichuan Vocational College of Culture & Communication

Sichuan Vocational College of Culture & Communication is a formal higher education institution located in Chengdu, Sichuan Province. As of 29 February 2020, the number of students of the college was more than 10,000, reached a record high. The employment rate of graduates in 2019 reached 96.45%, a new three-year high. In respect of scientific research, three majors of the college, namely "film and television multimedia technology, animation production technology and public cultural services and management", have been listed in the quality enhancement plan for key featured majors of private higher education institutions in Sichuan Province. In respect of training, more than 100 enterprises were invited to the college this year to discuss the cooperation between the college and enterprises regarding the employment and entrepreneurship of students. At present, more than 30 enterprises have signed school-enterprise cooperation agreements.

Guizhou Vocational Institute of Technology

Guizhou Vocational Institute of Technology was the first formal higher education institution established by the Group in Guizhou Province in 2016, covering an area of more than 600 mu. As of 29 February 2020, there were more than 8,000 students. The college offers more than 10 majors, such as automobile technical service and marketing, automobile inspection and maintenance technology, automobile refitting technology, automobile new energy technology, urban rail transit operation and management, etc. In respect of practical training and cooperation between the college and enterprises, the college has built more than 50 experiment and training rooms, and signed school-enterprise cooperation agreements with more than 100 enterprises such as Shanghai Volkswagen, Wengfu Group, Chanhen Chemical, etc. and more than 20 county-level hospitals in Guizhou.

Sichuan TOP IT Vocational Institute

Founded in 2000, Sichuan TOP IT Vocational Institute is one of the first national demonstration software vocational and technical colleges approved by the MOE. It is also a national training base for skilled talents in short supply, a national high-skilled personnel training base for the electronic information industry, a national service outsourcing talents training base, and a training base for young technicians in the electronic information industry in Sichuan Province. The employment rate of graduates has maintained at above 98% for years. The college is equipped with 7 on-campus innovative training bases for integration of industry and education, as well as more than 60 professional experimental training rooms with advanced equipment, among which the college's Hwadee training base is one of the six "training bases for software engineering talents" recognized by the MOE.

Hebi Automotive Engineering Vocational College

It is the only formal automobile engineering higher education institution in Henan Province. In 2019, 67 projects above department level, 38 utility model patents, 15 education research achievement awards above provincial level, 2 municipal scientific and technological progress awards (second prize) were added, while 58 academic papers (including 6 core journals) and 28 textbooks were published. During the school year of 2019/2020, the college signed strategic cooperation agreements with 15 enterprises, signed cooperation agreements with more than 40 large and medium-sized enterprises, and held 25 order classes to train talents for enterprises.

Suzhou Top Institute of Information Technology

The college is located in Kunshan, Jiangsu Province, with 30 majors. The year-end employment rate of 2019 graduates reached 97.62%. Focusing on school-enterprise cooperation and deepening the integration of industries and education, in 2019, the college and enterprises deepened cooperation by opening 32 customized classes in the mode of rotating the learning and work experience, as such, internship of more than 3,570 students were successfully completed. There were 63 internship projects, of which, 18 units cooperated for the first time. The college won the title of "excellent college for "government-school-enterprise" cooperation" for six consecutive years.

Sichuan Hope Automotive Technical College

Sichuan Hope Automotive Technical College is a full-time technical college established by the Group in 2016 with the approval of the People's Government of Sichuan Province and on the basis of Sichuan Hope Automotive Vocational College. As of 29 February 2020, the number of students of the college reached a new high. In respect of scientific research, the college offers 15 major groups, including automobile manufacturing and assembly, new energy vehicle inspection and maintenance regarding the markets before and after the automobile industry. In respect of cooperation between the college and enterprises, the college cooperated with more than 40 enterprises, including Sichuan Nanyun Automobile Group, Sichuan Hyundai Dymos Automotive System Co., Ltd., etc.

Guizhou Technical College of Technology

Guizhou Technical College of Technology is a full-time technical college established by the Group in 2019 with the approval of the People's Government of Guizhou Province and on the basis of Guizhou Vocational Institute of Technology. The establishment of Guizhou Technical College of Technology filled in the gap of private technical colleges in Guizhou Province, and became the first technical college established by private higher education institution in Guizhou Province.

STUDENT ENROLLMENT

Our Group believes the pragmatic teaching philosophy of its schools, its well-developed curriculum system, good-quality teachers as well as its high graduate employment rate help our Group to attract high-quality students who are seeking for their ideal employment.

Schools	Student Enrollment As at 29 February 2020	 As at 28 February 2019	Change Change in amounts	 Change in percentage
Undergraduate College	**71,259**	38,784	32,475	83.73%
Junior Colleges	**60,631**	43,053	17,578	40.83%
Technical Education	**8,235**	4,196	4,039	96.26%
Total	**140,125**	86,033	54,092	62.87%

Notes:

(1) The student enrollment information during the Reporting Period was based on the official records of the relevant PRC education authorities or the internal records of our Group's schools, as the case may be.

(2) Student enrollment for undergraduate colleges included 15,569 students from Yinchuan University of Energy and 9,959 students from College of Science and Technology of Guizhou University, both colleges joined the Group in 2019; student enrollment for junior colleges included 5,434 students from Hebi Automotive Engineering Vocational College and 5,012 students from Suzhou Top Institute of Information Technology, both colleges joined the Group in 2019.

DORMITORY UTILIZATION RATE

	For the six months ended 29 February 2020	For the six months ended 28 February 2019
Total number of student enrollment	**140,125**	86,033
Total capacity	**171,170**	107,669
Overall utilization rate	**82%**	80%

INDUSTRY POLICY DIRECTION

In 2019, the Chinese Government placed unprecedented strategic importance on the development of vocational education. In February 2019, the State Council issued the Implementation Plan on Reform of National Vocational Education《(國家職業教育改革實施方案》) ("20 Articles on Vocational Education (職教20條)"), which put vocational education, especially higher vocational education, in a more prominent position in the reform and innovation of education and economic and social development. In March 2019, the State Council's "Government Work Report" proposed enrollment expansion to millions, and provided RMB100 billion from the unemployment insurance fund for skill upgrading and job transfer training for over 15 million people. In May 2019, the General Office of the State Council issued the Action Plan for Upgrading Vocational Skills (2019-2021)《(職業技能提升行動方案(2019-2021年)》), which proposed to carry out various subsidized vocational skills training with over 50 million attendances in three years from 2019 to 2021, including training with over 15 million attendances in 2019. In February 2020, the Ministry of Education proposed to expand the scale of enrollment of postgraduate students, which is to represent an increase of 189,000 compared with last year; expand the scale of upgrading college degree to undergraduate degree, which is strived for a year-on-year increase of 322,000.

In a series of policies on the development of vocational education issued by the State, it is clearly proposed that the government should change its focus from "running" vocational education to "management and service", with a view to encouraging more diversified and market-oriented social education, and providing support on land, finance, tax, capital, enrollment indicators, etc. to the sponsors of vocational education. This series of policies are powerful and maneuverable, creating a broader development space for private higher education, which will benefit private higher education institutions in the medium and long term. Hope Education, as a group with higher vocational education as its principal part, seized the opportunity of national support for higher vocational education development, with the number of students enrolled in 2019-2020 academic year reaching a record high both in absolute number and in growth rate since our Group has been engaged in school running.

OUTLOOK

The private higher education industry has entered the golden age of great development. The Company will seize this period of strategic opportunities by actively accelerating the development in a bid to expand the scale of school education on one hand, and continuously improving the quality of school education and the quality of talent cultivation to enhance the brand value of the colleges on the other, thereby realizing the synergy between speed and quality, as well as scale and efficiency, so as to ensure financial stability and sustainable development. To achieve this goal, our Group plans to pursue the following business strategies:

(1) Continuing to promote the internal growth of the Company. Improving the quality of school education, enhancing student enrollment scale and increasing the dormitory utilization rate are the important drivers for the steady development of our Group. To this end, our Group will continue to expand its education management committee comprising of experts in the higher education industry to strengthen the management of our Group's school education and teaching activities; actively introduce academic leaders to strengthen our Group's teaching team; by leveraging our Group's strengths in student recruitment that has accumulated over a decade, our Group will increase its application rate, enrollment rate and registration rate through expanding its enrollment scale; deepen its teaching reform and increase efforts in skills training in order to improve students' professional skills and employment capacity in a comprehensive manner; and improve the quality and brand influence of our existing schools.

(2) Continuing to seek high-quality expansion opportunities while further expand the development coverage based on students' needs. New construction and mergers and acquisitions have always been the driving force for our developments. In selection the development direction, we will focus more on the future development potential from the perspective of industrial layout, make an emphasis on linkage with existing institutions and utilization of cash flows. At the same time, we will further enrich endogenous growt, provide more valuable services for students so as to increase return for our shareholders while reducing marginal costs.

OTHER EVENTS

Event after the Reporting Period

On 25 March 2020, the board of the directors and the Company announced that it has resolved to change the financial year end date of the Company from 31 December to 31 August. Accordingly, the next financial year end date of the Group will be 31 August 2020. The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The board of the directors considers that the Change will facilitate the preparation of the consolidated financial statements of the Group and to better reflect the operational results of the Group for the financial year. To the best of its knowledge, belief and information, the board of directors does not foresee any adverse impact on the Group resulting from the Change and there is no other significant matter that needs to be brought to the attention of the shareholders of the Company in this regard.

FINANCIAL REVIEW

Overview

For the six months ended 29 February 2020, we recorded a revenue of RMB870.63 million, adjusted gross profit of RMB480.68 million and a gross profit of RMB457.33 million. For the six months ended 29 February 2020, adjusted gross profit margin of the Group was 55.2%, as compared to 51.2% for the corresponding period in 2019 proforma. For the six months ended 29 February 2020, gross profit margin was 52.5%, as compared to 50.9% for the corresponding period in 2019 proforma.

For the six months ended 29 February 2020, adjusted net profit of the Group amounted to RMB382.93 million, representing an increase of RMB153.90 million or 67.2% as compared to the corresponding period in 2019 proforma. For the six months ended 29 February 2020, adjusted net profit margin was 44.0% as compared to 38.4% for the corresponding period in 2019 proforma.

For the six months ended 29 February 2020, net profit of the Group amounted to RMB333.77 million, representing an increase of RMB183.25 million or 121.7% as compared to the corresponding period in 2019 proforma. For the six months ended 29 February 2020, net profit margin of the Group was 38.3% as compared to 25.3% for the corresponding period in 2019 proforma.

Revenue

For the six months ended 29 February 2020, revenue of the Group reached RMB870.63 million, representing an increase of RMB274.71 million or 46.1% from RMB595.92 million of the corresponding period in 2019 proforma. Such increase is mainly due to (i) number of students enrolled increased in various schools; and (ii) the consolidation of Hebi project, Kunshan project and Yinchuan project into the Group's accounts after completion of the acquisitions one after another.

Cost of Sales

For the six months ended 29 February 2020, adjusted cost of sales[1] of the Group amounted to RMB389.95 million, representing an increase of RMB99.08 million or 34.1% from RMB290.87 million of the corresponding period in 2019 proforma. For the six months ended 29 February 2020, cost of sales of the Group were RMB413.30 million, representing an increase of RMB120.47 million or 41.1% as compared to RMB292.83 for the corresponding period in 2019 proforma. Such increase is mainly due to (i) enhancement of teacher quality and teaching facilities as a result of increment in number of students enrolled in original schools of the Group, (ii) consolidation of various schools upon acquisition completed during the period leading to an increase in corresponding costs.

[1] Adjusted cost of sales is measured by cost of sales for the period after eliminating additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy and Hebi Automotive Engineering Vocational College.

Gross Profit and Gross Profit Margin

For the six months ended 29 February 2020, adjusted gross profit of the Group amounted to RMB480.68 million, representing an increase of RMB175.63 million or 57.6% from RMB305.05 million of the corresponding period in 2019 proforma. For the six months ended 29 February 2020, adjusted gross profit margin of the Group was 55.2%, as compared to 51.2% for the corresponding period in 2019 proforma.

For the six months ended 29 February 2020, gross profit of the Group was RMB457.33 million, representing an increase of RMB154.24 million or 50.9% as compared to RMB303.09 million for the corresponding period in 2019 proforma; with gross profit margin of 52.5% as compared to 50.9% for the corresponding period in 2019 proforma.

Improvement on gross profit margin was mainly due to an increase in the Group's revenue, coupled with lean management and enhanced cost control. We believe that with consolidation of newly merged and acquired schools, the gross profit margin will be continuously enhanced.

Other Income and Gains

For the six months ended 29 February 2020, other income and gains of the Group amounted to RMB144.78 million, representing an increase of RMB50.53 million from RMB94.25 million of the corresponding period in 2019 proforma; which was mainly due to the increase in interest income, rental income and government subsidies.

Selling Expenses

For the six months ended 29 February 2020, selling expenses of the Group amounted to RMB29.94 million, representing an increase of RMB20.12 million from RMB9.82 million of the corresponding period in 2019 proforma. Such increase was mainly due to the increment in marketing expense of student enrollment.

Administrative Expenses

For the six months ended 29 February 2020, administrative expenses of the Group amounted to RMB115.59 million, representing a increase of RMB1.12 million from RMB114.47 million of the corresponding period in 2019 proforma. Such increase was mainly due to (i) decrease in equity-settled share option expenses, and (ii) offset by consolidation of newly merged and acquired schools.

Other Expenses

For the six months ended 29 February 2020, other expenses of the Group amounted to RMB11.49 million, representing a decrease of RMB34.91 million from RMB46.40 million of the corresponding period in 2019 proforma. Such decrease was mainly due to certain one-off expenses like additional land costs of RMB23.12 million resulting from the disposal of the Xuefu Street project of Business College of Guizhou University of Finance and Economics that occurred in 2018 have not incurred during the period and the exchange loss of RMB21.10 million for the corresponding period in 2019 proforma.

Finance Costs

For the six months ended 29 February 2020, finance cost of the Group amounted to RMB102.13 million, representing an increase of RMB26.1 million from RMB76.03 million of the corresponding period in 2019 proforma. Such increase was mainly due to (i) the increase in interest expenses on bank and other borrowings; and (ii) provision of RMB9.86 million finance cost accrued at amortized cost because of the payment terms for the consideration of purchase of acquisition project of Yinchuan pursuant to the relevant agreement were beyond one year.

Profits of the Reporting Period

For the six months ended 29 February 2020, adjusted net profit of the Group amounted to RMB382.93 million, representing an increase of RMB153.90 million or 67.2% as compared to the corresponding period in 2019 proforma. For the six months ended 29 February 2020, adjusted net profit margin was 44.0% as compared to 38.4% for the corresponding period in 2019 proforma.

Increase in adjusted net profit was mainly due to (i) number of students enrolled increased in various schools; (ii) the consolidation of Hebi project, Kunshan project and Yinchuan project into the Group's accounts after completion of the acquisitions; and (iii) acquisition of Guizhou Jiexing Huilv Air Service Consultant Services Limited (joint sponsor of the College of Science and Technology of Guizhou University), and the financial results of Jiexing Huilv were consolidated into the Group upon completion of acquisition at the end of July 2019.

For the six months ended 29 February 2020, net profit of the Group amounted to RMB333.77 million, representing an increase of RMB183.25 million or 121.7% as compared to the corresponding period in 2019 proforma. For the six months ended 29 February 2020, net profit margin of the Group was 38.3% as compared to 25.3% for the corresponding period in 2019 proforma.

Capital Commitments

The Group's capital commitments were primarily related to the acquisition of property and equipment and equity interests. The following table sets forth a summary of our capital commitments as of the dates indicated:

	29 February 2020	31 December 2019
	in millions of RMB	*in millions of RMB*
Contracted, but not provided for:		
Property and equipment	**758.47**	740.78
Acquisition of equity interests	**945.89**	–
	1,704.36	740.78

Liquidity and Financial Resources

As of 29 February 2020, the Group had total cash and bank balances and structured deposit of RMB2,269.79 million, among which: (i) cash and cash equivalents amounted to RMB1,097.42 million (31 December 2019: RMB1,690.42 million), (ii) restricted cash deposit amounted to RMB158.78 million (31 December 2019: RMB158.78 million), and (iii) structured deposit in Minsheng Bank amounted to RMB1,013.59 million (31 December 2019: RMB1,002.97 million).

Indebtedness

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term working capital loans and long-term loans for constructing school buildings and facilities and merger and acquisitions. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As of 29 February 2020, the aggregate loan balance amounted to RMB2,496.03 million (31 December 2019: RMB2,596.89 million). All of our loans were denominated in RMB. As of 29 February 2020, the Group's bank loans and other borrowings bore effective interest rates ranging from 4.75% to 8.55% per annum. Without taking into account the loans arising from new schools acquired during 2019, other bank loans and other borrowings bore effective interest rates ranging from 4.75% to 7.5% per annum. The Group considers that, as subsequent loans bore by the entities of Yinchuan acquisition project being settled when due, effective interest rates per annum will be reduced, coupled by the fact that loans bearing relatively higher annual interest rates is of lower principle amount, effect on finance cost of the Group will not be material.

The Group's objective is to maintain a balance between the continued supply of funds and flexibility through the use of cash flows generated within our Group's operations and borrowings. The Group regularly reviews major funding positions to ensure adequate financial resources to meet its financial obligations.

Current Ratio

As at 29 February 2020, current asset of the Group amounted to RMB3,012.15 million, consisted of bank balance of RMB1,157.50 million, structured deposit in Minsheng Bank of RMB1,013.59 million and other current asset of RMB841.06 million. Current liabilities of the Group amounted to RMB2,892.85 million, including accruals and other payables of RMB1,085.21 million, contract liabilities of RMB638.44 million, interest-bearing bank and other loans of RMB981.22 million and other current liabilities of RMB187.98 million. As at 29 February 2020, current ratio (current assets divided by current liabilities) of the Group was 1.04 (31 December 2019: 1.12).

Contingent Liabilities

As of 29 February 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

Net Debt to Equity Ratio

Net debt to equity ratio equals to total interest-bearing bank loans and other borrowings of RMB2,496.03 million, net of cash and cash equivalents of RMB1,097.42 million, restricted cash deposit of RMB158.78 million and structured deposit in Minsheng Bank of RMB1,013.59 million at the end of the period, divided by total equity of RMB4,570.75 million at the end of the period. The Group's net debt to equity ratio increased from -5.6% as of 31 December 2019 to 4.9% as of 29 February 2020, primarily due to continuous investment of the Group in teaching facilities, equipment and construction of campus.

Debt to Equity Ratio

As at 29 February 2020, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank loans by total equity) is approximately 54.6% (31 December 2019: 56.9%).

USE OF PROCEEDS

The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately RMB2,704.86 million. As at 29 February 2020, the Group has utilized a total of RMB1,413.08 million of the net proceeds in accordance with the allocation set out in the Prospectus.

The following sets forth a summary of the utilization of the net proceeds:

Use	**% of total**	**Net proceeds** *RMB (million)*	**Amount utilised (as at 29 February 2020)** *RMB (million)*	**Amount unutilised (as at 29 February 2020)** *RMB (million)*
Used to acquire of higher education schools and establish new campus for the acquired schools	40%	1,081.94	220.03	861.91
Used to construct new buildings for education purposes	30%	811.46	381.59	429.87
Used to repay part bank loans and other borrowings	20%	540.97	540.97	–
Used for working capital and general corporate purposes	10%	270.49	270.49	–
Total	100%	2,704.86	1,413.08	1,291.78

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend to its shareholders for the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is the foundation to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Throughout the six months ended 29 February 2020, the Company has complied with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors during the six months ended 29 February 2020.

Having made specific enquiry with all Directors of the Company, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the six months ended 29 February 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 29 February 2020.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting. The audit committee of the Company has reviewed the Group's interim results and unaudited condensed consolidated financial statements for the six months ended 29 February 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopeedu.com). The Interim report for the six months ended 29 February 2020 will be dispatched to the Shareholders in due course and available on the above websites.

NOTES TO FINANCIAL STATEMENTS

As of 29 February 2020

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the Period has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

1.2 CHANGES OF FINANCIAL YEAR END DATE

On 25 March 2020, the board of the directors and the Company have resolved to change the financial year end date of the Company from 31 December to 31 August. Accordingly, the next financial year end date of the Group will be 31 August 2020.

In view of the change of financial year end date, the interim condensed consolidated financial information and the related notes presented for the current period cover a six-month period from 1 September 2019 to 29 February 2020 while the corresponding comparative amounts shown for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the related notes cover a six-month period from 1 January 2019 to 30 June 2019. As a result, the comparative amounts may not be entirely comparable with the amounts shown for the current period.

2. REVENUE, OTHER INCOME AND GAINS

Revenue

Revenue represents the values of services rendered after deducting scholarships granted by the Group and refunds during the Period and the six months ended 30 June 2019.

An analysis of revenue from contracts with customers is as follows:

(a) Disaggregated revenue information

		For the six months ended	
		29 February	30 June
		2020	2019
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Type of revenue			
Tuition fees		**720,087**	504,297
Boarding fees		**63,499**	43,677
Sales of books and daily necessities		**24,288**	–
Others	*(i)*	**62,753**	46,756
		870,627	594,730

	For the six months ended	
	29 February	30 June
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Services transferred over time	**846,339**	594,730
Goods transferred at a point in time	**24,288**	–
Total revenue from contracts with customers	**870,627**	594,730

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of education services

The performance obligations of the services are satisfied over time as the services are rendered in each academic year or training period and advances are required before rendering the services.

Sales of goods

The performance obligation is satisfied at a point in time upon delivery of goods, and payment in advance is normally required.

Changes in contract liabilities during the period are as follows:

	For the six months ended	
	29 February 2020	30 June 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Carrying amount at beginning of the period	**738,891**	590,785
Additions from acquisition of subsidiaries	**117,108**	–
Revenue recognised that was included in the contract liabilities at beginning of the period	**(421,465)**	(569,571)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	**(67,845)**	–
Increase due to cash received, excluding amounts recognised as revenue during the periods	**271,746**	98,509
Carrying amount at end of the period	**638,435**	119,723

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered. The decrease in contract liabilities was mainly due to the recognition of revenue relating to the provision of formal education services during the Period.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Amounts expected to be recognised as revenue:		
Within one year	**634,202**	802,045
After one year	**4,233**	4,386
	638,435	806,431

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to higher education services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

Other income and gains

An analysis of other income and gains is as follows:

	Notes	For the six months ended 29 February 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)
Other income			
Interest income from bank balances		**20,822**	40,413
Interest income from loans to a related party		**8,912**	–
Other interest income from financial assets at fair value through profit or loss		**19,053**	–
Interest income from loans to an independent third party		**15,993**	15,929
Total interest income		**64,780**	56,342
Deferred income released to profit or loss:			
– related to assets		**5,499**	4,896
– related to expenses		**8,014**	–
Government grants received	*(ii)*	**6,358**	14,382
Rental income		**15,999**	3,121
Service income	*(iii)*	**14,695**	13,988
Donation income		**67**	775
Others		**8,022**	3,454
		123,434	96,958

	For the six months ended 29 February 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)
Gains		
Gains on disposal of items of property, plant and equipment	**20,998**	208
Fair value gains on financial assets at fair value through profit or loss, net	**346**	757
Gain on exchange differences, net	**–**	2,990
	21,344	3,955
Total other income and gains	**144,778**	100,913

Notes:

(i) During the Period and the six months ended 30 June 2019, others mainly represented income received from the provision of other education services of self-study examination education services, adult education services and training services to the students, which were amortised within the training periods of the services rendered.

(ii) Government grants received represented the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income in profit or loss when received. There were no unfulfilled conditions or contingencies relating to these grants.

(iii) During the Period and the six months ended 30 June 2019, the service income mainly represented income derived from granting the rights of canteen and convenient store operations to independent third-party operators; and income from services provided to the students related to the purchase of textbooks, dormitory bedding and examination materials.

3. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended	
	29 February	30 June
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**84,150**	71,409
Less: interest capitalised	**–**	(2,210)
Interest expense on lease liabilities	**5,153**	5,017
Increase in the discounted amount of payables arising from the passage of time	**12,830**	–
	102,133	74,216
Interest rate/capitalisation rate of borrowing costs capitalised	**4.75% to 8.55%**	4.75% to 7.5%

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		For the six months ended	
		29 February	30 June
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of service provided		**413,297**	279,139
Employee benefit expense:			
Wages and salaries		**202,023**	130,001
Equity-settled share option expense		**6,225**	7,565
Pension scheme contributions (defined contribution scheme)		**33,444**	28,403
		241,692	165,969
Management fees	*(i)*	**75,187**	64,990
Depreciation of items of property, plant and equipment		**99,077**	73,717
Depreciation of right-of-use assets		**31,222**	15,996
Amortisation of other intangible assets		**6,840**	4,590
Marketing and advertising costs		**8,825**	3,676
Losses on disposal of subsidiaries		**2,011**	–
Lease payments not included in the measurement of lease liabilities		**1,207**	529
Auditors' remuneration		**6,800**	1,500
Equity-settled share option expense		**1,967**	8,490
Losses on disposal of items of property, plant and equipment		**167**	1,077

Note:

(i) During the Period and the six months ended 30 June 2019, management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

5. INCOME TAX

The major components of income tax expense of the Group are as follows:

	For the six months ended 29 February 2020 *RMB'000* (Unaudited)	For the six months ended 30 June 2019 *RMB'000* (Unaudited)
Current – Mainland China		
PRC corporate income tax for the period	**36,907**	2,317
Underprovision of PRC corporate income tax in prior years	**2,597**	12,629
PRC land appreciation tax for the period	**6,225**	–
Deferred	**(1,631)**	(183)
Total tax charged for the period	**44,098**	14,763

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended 30 June 2019.

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company for the Period and the weighted average number of 6,667,130,122 ordinary shares in issue during the Period (for the six months ended 30 June 2019: 6,666,668,000 ordinary shares in issue).

The diluted earnings per share for the Period is calculated based on the profit attributable to ordinary equity holders of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the Period and the six months ended 30 June 2019, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 29 February 2020 *RMB'000* (Unaudited)	For the six months ended 30 June 2019 *RMB'000* (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company	**333,599**	243,306

	For the six months ended	
	29 February	30 June
	2020	2019
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	**6,667,130,122**	6,666,668,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	**99,372,515**	13,838,791
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**6,766,502,637**	6,680,506,791

7. GOODWILL

	29 February 2020
	RMB'000
	(Unaudited)
Cost and net carrying amount at 1 September 2019	**585,025**
Acquisition of subsidiaries during the Period	**10,795**
Cost and net carrying amount at 29 February 2020	**595,820**

IAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. The outbreak of the novel coronavirus (COVID-19) had a certain impact on the education business of the Company, mainly due to domestic travel restrictions and various precaution measures undertaken by respective local authorities which included, inter alia, closure of campuses and delays in school commencement during the outbreak period. The Group has put in place certain alternative action plans for its students during the campus closure period, which include the implementation of on-line modules and website distance learning activities and the shortening of summer vacation.

In view of the implementation of the abovementioned action plans, the management has concluded that there was no impairment indicator of goodwill at 29 February 2020. Accordingly, management did not perform impairment testing on goodwill as at 29 February 2020.

8. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Within 1 month	**5,882**	1,068
2 to 3 months	**665**	–
Over 3 months	**2,554**	2,646
	9,101	3,714

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**29 February 2020** *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Current portion:			
Prepayments for management fees		**57,894**	72,734
Prepaid expense		**12,072**	12,248
Deposits		**19,000**	13,225
Refundable deposit related to proposed equity acquisition		**70,011**	70,011
Other receivables		**14,694**	16,395
Staff advance		**6,443**	1,775
Interest receivable from time deposits		**858**	7,000
Interest receivable from a third party		**64,430**	58,849
Loans to third parties		**533,550**	468,550
		778,952	720,787
Non-current portion:			
Prepayments for property, plant and equipment		**5,376**	3,375
Prepayments for acquisition of prepaid land lease payments		**305,890**	220,440
Prepayment for acquisition of an equity interest		**35,033**	–
Prepayment for an intangible asset		**1,000**	1,000
		347,299	224,815
		1,126,251	945,602

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	29 February 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Structured deposits	**1,013,585**	1,002,967
Wealth management products	**–**	9,310
	1,013,585	1,012,277

The structured deposits are issued by licensed banks in Mainland China. The structured deposits are with expected rates of return (not guaranteed) at floating rates ranging from 1% to 2.90% linked to 3M-LIBOR (31 December 2019: 1% to 3.16%, linked to 3M-LIBOR). If the structured deposits are redeemable by the Group before maturity, the Group will be charged a penalty at the rate of 1% based on the principal amount.

All the financial assets at fair value through profit or loss are denominated in RMB.

11. CASH AND CASH EQUIVALENTS

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Cash and bank balances	**1,039,596**	1,553,220
Time deposits with original maturity of over three months	**216,608**	295,986
	1,256,204	1,849,206
Less: Restricted bank balance in an escrow account (note (i))		
Current	**(60,080)**	(50,000)
Non-current	**(98,707)**	(108,787)
Cash and bank balances	**1,097,417**	1,690,419

Note:

(i) The amount represents cash received from the Finance Bureau of Zhangshu City, Jiangxi Province ("江西省樟樹市財政局") and placed into an escrow account for the construction of a new campus and procurement of school equipment in Jiangxi Province. Among the restricted bank balance, RMB60,080,000 will be released from the escrow account in 10 days after prepaying land lease payment and commencing the construction of the new campus in 2020, and the remaining will be released when the construction condition is fulfilled at a later stage which is expected to be after 2020.

The cash and cash equivalents were denominated in the following currencies:

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
RMB	**1,026,370**	1,589,138
HK$	**6,310**	437
US$	**223,524**	259,631
Cash and cash equivalents	**1,256,204**	1,849,206

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposits are made for six months and earn interest at the deposit rates ranging from 2.60% to 2.87% per annum (31 December 2019: 2.02% to 3.18%). The bank balances and restricted bank balance are deposited with creditworthy banks with no recent history of default.

12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Within 1 month	**–**	26,676
1 to 2 months	**–**	2,433
2 to 3 months	**25,116**	1,440
Over 3 months	**4,373**	3,061
	29,489	33,610

The trade payables are non-interest-bearing and are normally settled on one to ten months terms.

13. OTHER PAYABLES AND ACCRUALS

	29 February 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Current portion:		
Payables for purchase of property, plant and equipment	**399,283**	441,906
Payables for acquisitions of equity interests	**63,000**	63,000
Miscellaneous advances received from students	**84,598**	98,956
Accrued bonuses and other employee benefits	**78,082**	80,548
Rental payable	**1,870**	1,844
Government scholarship	**20,018**	23,575
Payables for purchase of teaching materials and operating expenditure	**44,890**	55,540
Payables for management fees	**2,744**	2,454
Construction deposits	**34,748**	36,325
Other taxes payable	**23,141**	26,315
Other payables and accrued expenses	**257,003**	236,570
Construction loan from Mianzhu Education Bureau	**75,832**	75,832
	1,085,209	1,142,865
Non-current portion:		
Payables for acquisitions of equity interests	**337,025**	334,768
Other payables	**9,181**	9,117
	346,206	343,885
	1,431,415	1,486,750

14. DEFERRED INCOME

	29 February 2020 *RMB'000* (Unaudited)
Government grants related to assets	
At 1 September 2019	**874,401**
Government grants received	**211,860**
Acquisition of subsidiaries	**6,056**
Released to profit or loss	**(5,499)**
At 29 February 2020	**1,086,818**
Current	**10,842**
Non-current	**1,075,976**
	1,086,818
Government grants related to expense items	
At 1 September 2019	**290**
Government grants received	**5,354**
Acquisition of subsidiaries	**23,590**
Released to profit or loss	**(8,014)**
At 29 February 2020 – Current	**21,220**

Deferred income related to assets mainly represents the government grants received for subsidies relating to the construction of certain buildings. These grants related to assets are released to profit or loss as other income over the expected useful lives of the relevant assets.

Deferred income related to expense items is government grants received for the purpose of subsidising teaching related operating costs incurred during the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods in which the costs, which they are intended to compensate, are expensed.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 29 February 2020			As at 31 December 2019		
	Effective interest rate (%) (unaudited)	**Maturity (unaudited)**	**RMB'000 (unaudited)**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**5.66-6.09**	**2020**	**583,570**	5.66-6.09	2020	583,570
Bank loans – secured	**8.55**	**On demand**	**82,495**	8.55	On demand	82,495
Other borrowings – secured		**On demand**	**8,000**		On demand	8,000
Current portion of:						
– long term bank loans – secured	**4.75-7.06**	**2020**	**130,152**	4.75-7.06	2020	132,142
– other borrowings – secured	**7.00-7.50**	**2020-2021**	**177,000**	7.00-7.50	2020	197,086
			981,217			1,003,293
Non-current						
Bank loans – secured	**4.75-7.06**	**2021-2023**	**1,034,950**	4.75-7.06	2021-2023	1,034,950
Other borrowings – secured	**7.00-7.50**	**2021-2023**	**479,863**	7.00-7.50	2021-2023	558,649
			1,514,813			1,593,599
			2,496,030			2,596,892

	29 February 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	**796,217**	798,207
In the second year	**820,000**	820,000
In the third to fifth years, inclusive	**214,950**	214,950
	1,831,167	1,833,157
Other borrowings repayable:		
Within one year	**185,000**	205,086
In the second year	**220,608**	179,394
In the third to fifth years, inclusive	**259,255**	379,255
	664,863	763,735
	2,496,030	2,596,892

Notes:

All of the Group's bank and other borrowings are denominated in RMB.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set forth below:

"2018 Pre-IPO Share Option Scheme"	The 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on 18 March 2018 for the benefit of, amongst others, our Group's directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers, a summary of the principal terms of which is set out in "Appendix V – Statutory and General Information" of the Prospectus
"Board" or "Board of Directors"	The board of Directors of the Company
"Business College of Guizhou University of Finance and Economics"	Business College of Guizhou University of Finance and Economics (貴州財經大學商務學院), a college established under the laws of PRC in 2004, acquired by our Group in April 2014 and approved by the MOE to be operated under the cooperation between Guizhou University of Finance and Economics and our Group in September 2014
"Business Day" or "Business Day"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CG Code" or "Corporate Governance Code"	The code on corporate governance practices set out in Appendix 14 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
"Chongqing School"	Chongqing Digital Industry Vocational and Technical College (重慶數字產業職業技術學院), a private institution of higher education college to be established under the laws of the PRC
"Company" or "our 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
"Date of This Announcement"	29 April 2020
"Director(s)"	The directors of our Company
"Gansu School"	Gansu Vocational Technical College (甘肅職業技術學院), a private institution of higher education college to be established under the laws of the PRC

"Group," "our Group," "We" or "Us"	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"Guizhou Vocational Institute of Technology"	Guizhou Vocational Institute of Technology* (貴州應用技術職業學院), a college established by our Group under the laws of PRC in March 2016
"Shanghai Pumeng Group"	Shanghai Pumeng and its subsidiary, Kunshan Xinwei, which held 100% sponsor interest in each of Suzhou Top Institute and Kunshan Technical School
"Yinchuan Group"	The six entities the Group acquired during the year, namely Yinchuan University of Energy, Yinchuan Vocational School of Science and Technology, Vocational-technical Training Center of Yinchuan University, Ningxia Modern Senior Technical School, Car Driving Training School of Yinchuan University Education Group, and Auto Repair Factory of Yinchuan University Education Group
"HK$" or "Hong Kong Dollar(s)"	The lawful currency of Hong Kong, Hong Kong dollars
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Exchanges and Clearing Limited"	Hong Kong Exchanges and Clearing Limited
"Hope Education"	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
"IFRS"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"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

"Jinci College of Shanxi Medical University"	Jinci College of Shanxi Medical University* (山西醫科大學晉祠學院), a college established under the laws of PRC in June 2002, acquired by our Group in April 2014, and approved by the MOE to be operated under the cooperation between Shanxi Medical University and our Group in August 2014
"Listing"	The listing of the Company's Shares on the Main Board of the Stock Exchange of Hong Kong Limited
"Listing Date"	3 August 2018, the date on which the Company's Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	The stock exchange (excluding the option market) operated by the Stock Exchange is independent of and operated in parallel with the GEM of the Stock Exchange
"Model Code"	The Model Code for securities transactions by Directors of listed issuers set out in Appendix 10 to the Listing Rules
"MOE"	Ministry of Education of the PRC
"M&A"	Mergers and acquisitions
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	For the six months ended 29 February 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	Ordinary share(s) of a nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Sichuan Department of Education"	Sichuan Department of Education
"Sichuan Hope Automotive Technical College"	Sichuan Hope Automotive Technical College* (四川希望汽車技師學院), a college established by our Group under the laws of PRC in July 2016

"Sichuan Hope Automotive Vocational College"	Sichuan Hope Automotive Vocational College* (四川希望汽車職業學院), a college established by our Group under the laws of PRC in March 2013
"Sichuan TOP IT Vocational Institute"	Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院), a college established by Sichuan TOP Education Co., Ltd. (四川托普教育股份有限公司) in June 2000 and acquired by our Group in December 2017
"Sichuan Vocational College of Culture & Communication"	Sichuan Vocational College of Culture & Communication* (四川文化傳媒職業學院), a college established as a higher vocational college in 2005 and acquired by our Group in March 2014
"Southwest Jiaotong University Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院), a college approved by the MOE to be established under the cooperation between Southwest Jiaotong University, Chengdu West Hope Group Limited and our Group in April 2009
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	Has the meaning ascribed to it in the Listing Rules
"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 following the division under reorganization, the shareholding of which largely mirrors that of Hope Education and is indirectly controlled by Mr. Wang Huiwu
"The College of Science and Technology of Guizhou University"	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, approved by the MOE to be operated under the cooperation between Guizhou University and a third party in December 2014
"The Stock Exchange of Hong Kong Limited"	The Stock Exchange of Hong Kong Limited
"Tianyi College"	Sichuan Tianyi College* (四川天一學院), a college established and named as Sichuan Tianyi Open College (四川天一開放函授進修學院) in 1991, approved by the State Education Commission (currently, the MOE) to be a formal junior-college-level higher education institution in 1994 and acquired by our Group in September 2011

"U.S." or "United States"	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"%"	Percent

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

Hong Kong, 29 April 2020

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