THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Hope Education Group Co., Ltd., you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE TARGET COMPANY

Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 16 in this circular.

29 April 2020

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

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement;
"Adjusted EBITDA"	operating profits add back depreciation and amortization and network and royalty fees;
"Agreement"	the Agreement dated 28 February 2020 entered into among the Purchaser, the Purchaser Guarantor, the Vendor and the Vendor Guarantor in respect of the Acquisition;
"Australia"	the Commonwealth of Australia;
"Board"	the board of Directors of the Company;
"Business Days"	a day (excluding Saturday, Sunday and any other public holidays) on which banks in the PRC are generally open for settlement business;
"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 and the Shares are listed on the Main Board of the Stock Exchange;
"Completion"	the completion of the Acquisition in accordance with the terms and conditions of the Agreement;
"connected person(s)"	has the same meaning ascribed to it in the Listing Rules;
"Consideration"	the consideration payable by the Purchaser to the Vendor for the Acquisition;
"Controlling Shareholder"	has the meaning ascribed to it in the Listing Rules;
"Director(s)"	the directors of the Company;
"Enlarged Group"	the Group and the Target Group upon Completion;
"Effective Time"	12:01 a.m. on the Completion date;

"Group"	the Company and its subsidiaries, including its consolidated affiliated entities;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hope Education Investment"	Hope Education Investment Limited, a company incorporated in the BVI with limited liability and a Controlling Shareholder of the Company;
"INTI"	INTI International University Nilai, INTI College Nilai, INTI College Sabah, INTI International College Kuala Lumpur, INTI International College Subang and INTI International College Penang;
"Latest Practicable Date"	21 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Malaysia"	The Federation of Malaysia;
"MOE"	the Malaysian Ministry of Education;
"MYR" or "RM"	Malaysian Ringgit, the lawful currency of Malaysia;
"NASDAQ"	National Association of Securities Dealers Automated Quotations;
"PRC"	the People's Republic of China;
"Purchaser"	Hope Education Group (Hong Kong) Company Limited (and/or its designated subsidiary/entity), a wholly-owned subsidiary of the Company;
"Purchaser Guarantor"	the Company;
"RMB"	Renminbi, the lawful currency of the PRC;

"Sale Shares"	the entire issued share capital held by the Vendor in the Target Company;
"Shareholder(s)"	holder(s) of the ordinary share(s) of a nominal value of US$0.00001 each of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	INTI Education Holdings Sdn. Bhd.;
"Target Group"	INTI Education Holdings Sdn. Bhd. and its subsidiaries which are principally engaged in the operation of one university and five colleges in Malaysia, including INTI International University Nilai, INTI College Nilai, INTI International College Subang, INTI International College Penang, INTI College Sabah and INTI International College Kuala Lumpur;
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"U.S. dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States;
"UK"	United Kingdom of Great Britain and Northern Ireland;
"Vendor"	Exeter Street Holdings Sdn. Bhd.;
"Vendor Guarantor"	Lei Holdings, Ltd.;
"%"	per cent.

For the purpose of this circular, the exchange rate of RMB1.67 = MYR1.00, MYR1.00 = HKD1.85, USD1.00 = MYR4.09, USD1.00 = RMB6.83 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

*The English transliteration of the Chinese name(s) in this circular, where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

HOPE EDUCATION GROUP CO., LTD.
希望教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1765)

Executive Directors
Mr. Xu Changjun *(Chairman)*
Mr. Wang Huiwu *(Chief Executive Officer)*
Mr. Li Tao

Non-executive Directors
Mr. Wang Degen
Mr. Tang Jianyuan
Mr. Lu Zhichao

Independent Non-executive Directors
Mr. Zhang Jin
Mr. Chen Yunhua
Dr. Gao Hao

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40th Floor, Sunlight Tower
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Wan Chai
Hong Kong

29 April 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 2 March 2020 in relation to the Acquisition.

The purpose of this circular is to provide you with, amongst other things, (i) the Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) the valuation report of the Target Group.

THE ACQUISITION

On 28 February 2020 (after trading hours), the Purchaser and the Purchaser Guarantor entered into the Agreement with the Vendor and the Vendor Guarantor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares of the Target Company at the consideration of USD140,000,000 (subject to adjustments as set out below). The Purchaser Guarantor and the Vendor Guarantor agreed to guarantee the performance of the obligations of the Purchaser and the Vendor under the Agreement, respectively.

The principal terms of the Agreement are set out below:

Date

28 February 2020

Parties

(i) the Purchaser;

(ii) the Purchaser Guarantor;

(iii) the Vendor; and

(iv) the Vendor Guarantor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner, the Vendor Guarantor are third parties independent of the Company and its connected persons.

Share Transfer

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell the Sale Shares free from all encumbrances for the consideration of USD140,000,000 subject to adjustments as set out below.

Consideration

The Consideration is USD140,000,000.

The Consideration shall be settled in cash in the following manner:

(a) an aggregate sum of USD5,000,000, being the deposit amount by wire transfer to the Vendor's designated bank account on the same day as the execution of the Agreement; and;

(b) the remaining balance of the Consideration in the sum of USD135,000,000; less 3% (or the then prevailing applicable rate in accordance with Section 21B of the Real Property Gains Tax Act 1976 (Act 169) under the laws of Malaysia) of the Consideration by electronic fund transfer to the Vendor's designated bank account upon Completion. The 3% (or the then prevailing applicable rate in accordance with Section 21B of the Real Property Gains Tax Act 1976 (Act 169) under the laws of Malaysia) of the Consideration refers to Malaysian real property gains tax payable by the Vendor on the sale of the Sale Shares. It represents the withholding tax paid on behalf of the Vendor by the Purchaser.

The Consideration was determined between the Purchaser and the Vendor after arm's length negotiation with reference to, among other things, (i) the financial performance of the Target Group, such as revenue and Adjusted EBITDA; (ii) the estimated value of the entire issued share capital in the Target Group as at 31 December 2019 of approximately USD149,000,000, based on the valuation report prepared by an independent valuer; (iii) the current scale of the Target Group with over 16,500 students and its room for growth in terms of enrollment scale and profitability; (iv) the prospect of the higher education industry in Malaysia and the strong brand and reputation of INTI; and (v) better synergies with the existing business of the Company that may be brought by the Target Group.

The total student enrolment of the Group is approximately 147,000. Sending students aboard for further studies will not only break through the industry chain; but also meet the demand for overseas education. After the Completion, the Group will organise exchange programmes between schools in China and the Target Group.

Also, the future collaborative plan is mainly for the delivery of further study opportunities, such as the students in junior colleges apply to university programs and the students in bachelor programs apply for master programs. After the Completion, all the vocational schools, junior colleges and universities students of the Group have the opportunities to study abroad through internal channels, which provide new and better opportunities for students for further education, and for the Group to provide continuous and long-term education services to existing students.

Moreover, the Company set up the International Education Department 2 years ago and has made a great breakthrough in 2019: the total overseas students of our internal program exceeded 1,900 and the total students employed overseas reached 876. Currently, the overseas study program is mainly in Southeast Asia area, i.e. Thailand, Malaysia, and the overseas employment program is mainly in Japan (Nursing Practitioners Direction). In 2019, the channel for students studying abroad is under the contracts we signed with overseas universities, so the number of students is limited by the quota granted by overseas universities. After the Acquisition, INTI will become one of the universities of the Group and the quota limit will be eliminated, so the students of the Group will be given priority in international students' admission. It is expected that the number of overseas students of the Group will see escalating growth in the coming years. Through all the efforts above, the Group can better realize the initials of starting the business.

The Consideration will be funded by the Group's internal resources.

The net cash adjustment

Net cash means 10% of the accounting revenue of the Target Group generated during the period between the Agreement date and the Completion date, which is the transition period for the MOE approval. The percentage of 10% adopted is based on the audited net profit margin of 7% of the Target Group for the years ended 31 December 2018 and 2019.

The Vendor shall notify the Purchaser of the Vendor's reasonable and good faith estimates of the net cash ("**Estimated Net Cash**") by providing a statement setting out the amount of the Estimated Net Cash as close as reasonably practicable to, but not later than five business days before, the Completion date. The Estimated Net Cash means 10% of the estimated accounting revenue of the Target Group generated during the period between the Agreement date and the Completion date. The Target Group will pay the Estimated Net Cash amount to the Vendor on the Completion date.

Following Completion, the Purchaser shall check the amount set out in the net cash statement as the net cash of the Target Group as at the Effective Time. The actual net cash means 10% of the actual accounting revenue of the Target Group generated during the period between the Agreement date and the Completion date ("**Actual Net Cash**")

Net cash adjustment = Actual Net Cash - Estimated Net Cash

On the final adjustment date,

a. if the net cash adjustment amount is more than USD0, the Vendor may extract the net cash adjustment amount or;

b. if the net cash adjustment amount is less than USD0, the Vendor must pay an amount equal to the net cash adjustment amount (expressed as an absolute value) to the Purchaser.

If there is no such MOE permission approval, the Group will take over the Target Group after signing the Agreement. However, given the approval requirement, the Vendor manages the Target Group on behalf of the Group. As such, the rationale for the net cash mechanism is to grant the Vendor sufficient incentives to grow the business well during the transition period, given the historical net profit margin of the Vendor is 7% as the benchmark.

The Purchaser Guarantor's Guarantee

Pursuant to the Agreement, the Purchaser Guarantor undertakes to provide a guarantee in favour of the Vendor, if the Purchaser fails to perform its obligation under the Agreement.

The Purchaser Guarantor undertakes to (i) immediately upon demand pay the Vendor an amount not paid when due by the Purchaser; (ii) indemnify the Vendor on demand against any loss which the Vendor may at any time suffer or incur as a result of an obligation of the Purchaser expressed in the Agreement being void, voidable or wholly or partially unenforceable; or any breach by the Purchaser Guarantor of any of its obligations under the Agreement. The amount of the loss shall be equal to the amount which the Vendor would otherwise have been entitled to recover from the Purchaser.

The Vendor Guarantor's Guarantee

Pursuant to the Agreement, the Vendor Guarantor undertakes to provide a guarantee in favour of the Purchaser, if the Vendor fails to perform its obligation under the Agreement.

The Vendor Guarantor undertakes to: (i) immediately upon demand pay the Purchaser an amount not paid when due by the Vendor; (ii) indemnify the Purchaser on demand against any loss which the Purchaser may at any time suffer or incur as a result of an obligation of the Vendor expressed in the Agreement being void, voidable or wholly or partially unenforceable; or any breach by the Vendor Guarantor of any of its obligations under the Agreement. The amount of the loss shall be equal to the amount which the Purchaser would otherwise have been entitled to recover from the Vendor.

Conditions Precedent of the Agreement

Completion is subject to conditions precedent being fulfilled (or waived as the case may be), which include inter alia:

(a) 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. As at the Latest Practicable Date, the Group is on the final stage to prepare all the documentations for the MOE approval. Given there are 15 subsidiaries under the Target Group, the Group is in the process of sorting out the structure, reviewing all the constitutions of 15 subsidiaries, discussing with local Malaysian lawyers and experts, and selecting the right candidates internally to replace the existing board of directors and board of governors of the Target Group. The Group aims at submitting the application in due course; and

(b) the Vendor having provided the relevant written proofs of notifications submitted to the University of Hertfordshire Higher Education Corporation by INTI Universal Holdings Sdn. Bhd., one of the subsidiaries of the Target Company. The Vendor will provide the relevant proofs of notifications submitted to the University of Hertfordshire Higher Education Corporation by INTI Universal Holdings Sdn. Bhd., one of the subsidiaries of the Target Company after the MOE application submitted.

Indemnities

The Vendor has agreed to provide indemnities to the Purchaser up to agreed levels and for an agreed period of time for certain tax liabilities and for breach of warranties in relation to tax matters and for breaches of any Vendor warranties.

Completion of the Transaction

Completion shall take place after 10 Business Days on which the last of the conditions precedents has been fulfilled (or waived as the case may be) by the Purchaser or the Vendor (as the case may be), or such other date as may be agreed by the parties to the Agreement in writing.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the accounts of the Group.

INFORMATION ON THE PARTIES

The Purchaser and the Purchaser Guarantor

The Purchaser is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. The Company is an investment holding company and the Group is principally engaged in private higher education.

The Vendor and the Vendor Guarantor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a company incorporated under the laws of Malaysia and a wholly-owned subsidiary of Laureate Education Asia Limited operating under the brand "Laureate", which is in turn owned by the Vendor Guarantor. The Vendor Guarantor is indirectly wholly owned by Laureate Education Inc., a company listed on NASDAQ. The ultimate shareholders of Laureate Education Inc. are third parties independent of the Company and its connected persons. The Vendor is an investment holding company. "Laureate" has one of the largest international portfolios of degree-granting higher education institutions, primarily focused in Latin America, with more than 850,000 students enrolled at over 25 institutions and 150 campuses, which are collectively referred to as the Laureate International Universities network. It offers undergraduate, graduate and specialized degree programs in a wide range of academic disciplines.

The Vendor Guarantor is a company incorporated in Hong Kong and is an investment holding company. The Vendor Guarantor is indirectly wholly owned by Laureate Education Inc., a company listed on NASDAQ. The ultimate shareholders of Laureate Education Inc. are third parties independent of the Company and its connected persons.

To the best of each of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, the Vendor Guarantor, are third parties independent of the Company and its connected persons.

The Target Group

The Target Group is one of the largest private higher education service providers in Malaysia in terms of student enrollment with over 16,500 students and annual tuition fee per student is estimated at approximately RMB30,000. It is recognized by the MOE with higher education qualifications and qualifications of degree awarding. It is included in the white list of education related foreign supervision of the Ministry of Education of the PRC, which meets the requirements for mutual recognition of Chinese and Malaysian education. It owns and operates one university and five colleges in Malaysia, including:

1. INTI International University Nilai;

2. INTI College Nilai;

3. INTI College Sabah;

4. INTI International College Kuala Lumpur;

5. INTI International College Subang; and

6. INTI International College Penang.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the accounts of the Group.

Financial information of the Target Group

Set out below is a summary of the consolidated financial information of the Target Group for the years ended 31 December 2018 and 31 December 2019, extracted from the Accountant's Report included in Appendix II to this circular:

RMB in thousand (approximately)	**For the year ended 31 December**	
	2018	**2019**
Revenue	501,566.13	480,405.56
Net profit before tax	54,630.71	47,705.22
Net profit after tax	35,051.63	33,351.57
Adjusted EBITDA	102,345.95	102,117.16

The total assets value of the Target Group as of 31 December 2019 was approximately RMB633,446,000.

The exchange rate of MYR amounts into RMB amounts have been made at the rate of MYR1.00 to RMB1.67.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has taken prudent ways to explore the development of its overseas presence. After years of exploration, the Company has accumulated considerable resources and experience in developing its overseas business. The Company set up the International Education Department in 2018 to carry out international education cooperation business and it has successfully reached cooperation agreements with universities in Malaysia, Thailand, Russia, Belarus, Spain, Hungary, Ukraine and other countries. Through these collaborations, the Company created opportunities for students to study abroad. In 2019, the Company signed agreements with a Thailand University and set up a Chinese International Institute in the Thailand University. The Company also sent staff to be part of the management there. Till the end of 2019, this program has helped more than 500 students to study abroad. The program helped the Company accumulate valuable experiences to operate global education and the Company has already sent over 1900 students abroad in 2019. Based on the exploration and experiences the Company learned in the previous years, we believe that we are ready and capable of running a university abroad. We also believe that the Acquisition can benefit the shareholders' equity return in the long run for the following reasons:

1. the Company is of the view that there has been a fair valuation on the Target Group which has great potential for future development;

2. INTI is one of the largest private higher education service providers in Malaysia with established reputation in Malaysia and the southeast Asia. It has been awarded the Industry Excellence Award by the Malaysian government and collaborated with many renowned universities overseas including the UK, US, Australia and New Zealand;

3. the student intake of INTI has been stable as Malaysia has been encouraging international students' market with accelerating growth, which is matched by huge demand towards education services arisen from population growth in the southeast Asia. Malaysia is strategically important in the "Belt and Road Initiative" with Chinese students being one of the largest groups of international students studying in Malaysia. The quality of Malaysia's higher education has been recognized by the United Nations Educational, Scientific and Cultural Organization with good ranking;

4. after the acquisition of INTI, the Target Group can provide a multi-layered degree progression path to students; fully realizing the synergy between the domestic and foreign schools of the Company; and

5. the Company is of the view that INTI could achieve sustainable growth in its future business performance as Malaysia and PRC are both in Asia Pacific with close socio-economic ties and similar cultures, which is favorable to school management.

Therefore, the Company believes that the Acquisition will enhance the geographic reach of its school network, diversify its education offerings, and enable it to leverage on the leading position of the Target Group in the private higher education market in Malaysia, thereby offering a greater potential for profit and long-term business sustainability for the Group.

Taking into account COVID-19 effect, the Board believes that:

1. The Target Group has a complete and advanced online education system to support students to study online. Therefore, the Board is of the view that the tuition fee collection will not be affected.

2. The enrolment of higher education in Malaysia is stable in recent years. The demand for higher education will not be affected by the recent COVID-19. The Board is of the view that new students' enrolments in Malaysia will not be affected.

3. The percentage of international students in INTI is about 11%. It is expected that the intake of international students for academic year 2020-2021 will decline by about 20%, which accounts for only 0.5% of the total enrolment of the Target Group. The Board believes that under the outbreak of COVID-19, the economic impact on INTI is minimal and acceptable.

4. According to the Agreement, during the transition period, which begins from the date when the Agreement was signed till Completion, the Target Group will be operated by the Vendor and the COVID-19 currently has minimal impact on the execution of the Agreement. As such, taking into account the effect of COVID-19, the Board is of the view that the terms of the Acquisition are fair and reasonable.

Taking into consideration the prospect of the education industry in Malaysia, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole, and are also of the view that the terms of the Agreement, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

After Completion, the Target Group will become a wholly-owned subsidiary of the Group and their results will be consolidated into the consolidated financial statements of the Group. According to the audited consolidated financial information of the Group ended 31 December 2019, the audited total assets and total liabilities of the Group as at 31 December 2019 were RMB10.86 billion and RMB6.29 billion, respectively.

The Unaudited Pro Forma Financial Information is set out in Appendix III to this circular for illustrative purposes. The Unaudited Pro Forma Financial Information was prepared the based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as if the Acquisition had been completed on 31 December 2019. According to the Unaudited Pro Forma Financial Information, the financial effects of the Acquisition on the Group is summarized as follows:

a. Assets

As at 31 December 2019, the audited consolidated total assets of the Group were RMB10.86 billion. According to the Unaudited Pro Forma Financial Information, the unaudited pro forma consolidated total assets of the Enlarged Group would have increased to approximately RMB11.17 billion.

b. Liabilities

As at 31 December 2019, the audited consolidated total liabilities of the Group were RMB6.29 billion. According to the Unaudited Pro Forma Financial Information, the unaudited pro forma consolidated total liabilities of the Enlarged Group would have increased to approximately RMB6.62 billion.

c. Earnings

For the year ended 31 December 2019, the audited consolidated net profit of the Group was RMB0.49 billion. According to the financial information of the Target Group as set out in Appendix II to this Circular, the audited consolidated net profit of the Target Group for the year ended 31 December 2019 was RMB0.03 billion. Based on the track record of the Target Group, it is expected that after Completion, the Target Group could make a positive contribution to the profit of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more than one of the applicable ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

Pursuant to the Listing Rules, Shareholders' approval is required for a major transaction. As no Shareholders have a material interest in the Acquisition, no Shareholders would be required to abstain from voting if the Company was to convene a general meeting for approving the Acquisition. The Company will not be required to convene a general meeting for approving the Acquisition because the Company has obtained the written shareholder's approval from Hope Education Investment in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules. Hope Education Investment controls 4,140,948,240 Shares, representing approximately 62.11% of the issued share capital of the Company.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.03 OF THE LISTING RULES

Pursuant to Rule 4.03 of the Listing Rules, the accountant's report of the Target Group which is required to be included in this circular must be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance ("**PAO**"). Rule 4.03 of the Listing Rules also provides that, in the case of a circular issued by a listed issuer in connection with acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountant's report to be prepared by a firm of practising accountants which is not so qualified but which is acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognized body of accountants.

PricewaterhouseCoopers PLT, Malaysia ("**PwC Malaysia**") is the existing statutory auditors of the Target Group. Given the geographical proximity and familiarity with the operating business of the Target Group, the Directors are of the view that it is more appropriate and more efficient (in terms of time and costs) to appoint PwC Malaysia instead of professional accountants who are qualified under the PAO as reporting accountant for the purpose of issuing the accountant's report of the Target Group to be included in this circular. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 4.03 of the Listing Rules to allow PwC Malaysia to act as the reporting accountant for the accountant's report of the Target Group for inclusion in this circular. Such waiver was granted by the Stock Exchange on 27 March 2020 and the accountant's report is set out in Appendix II of this circular. PricewaterhouseCoopers Hong Kong, upon request by the Company, has assisted PwC Malaysia in performing their duties as reporting accountant of the Target Group by advising PwC Malaysia in respect of accounting-related requirements under the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Acquisition and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, should a resolution be put at a general meeting of the Company for the Shareholders to consider the same, the Directors would recommend the Shareholders to vote in favour of such resolution. As disclosed above, the Company has obtained the written approval of Hope Education Investment for approving the Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Hope Education Group Co., Ltd.
Xu Changjun
Chairman

1. FINANCIAL OVERVIEW OF THE GROUP

The financial information of the Group for the year ended 31 December 2017 is set out in the prospectus of the Company dated 24 July 2018, the financial information of the Group for the year ended 31 December 2018 is set out in the 2018 annual report of the Company, and the financial information of the Group for the year ended 31 December 2019 is set out in the 2019 annual results announcement of the Company and 2019 annual report of the Company which are available for inspection on the websites of the Company (www.hopeedu.com) and the Stock Exchange (www.hkexnews.hk).

The prospectus of the Company is available at:
https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0724/ltn20180724035.pdf

The 2018 annual report of the Company is available at:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425125.pdf

The 2019 annual results announcement of the Company is available at:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0330/2020033000053.pdf

The 2019 annual report of the Company is available at:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701134.pdf

2. INDEBTEDNESS STATEMENT OF THE ENLARGED GROUP

As at 29 February 2020, being the latest practicable date of the Enlarged Group, for the purpose of this statement of indebtedness, the Group and the Target Group had the following outstanding indebtedness:

(A) The Group

(a) As at 29 February 2020, the Group had total interest-bearing bank and other borrowings of RMB2,496 million. The Group's total interest-bearing bank and other borrowings were secured and pledged by (a) certain assets owned by the Group and assets owned by certain third parties; (b) equity interests of certain subsidiaries of the Group; and (c) tuition and boarding fee rights of certain schools of the Group. In addition, the Group's bank loans of RMB8 million are guaranteed by a third party and bank loans of RMB300 million are guaranteed by certain related parties.

(b) As at 29 February 2020, the Group had lease liabilities of RMB160 million.

(c) As at 29 February 2020, the Group had no material contingent liabilities and guarantees on a group consolidated basis.

(d) As at 29 February 2020, the Group had committed and undrawn banking facilities totalling RMB952 million.

(B) The Target Group

(a) As at 29 February 2020, the Target Group had an interest-bearing bank loan of RM5 million (approximately RMB9 million), which was secured by the certain assets owned by the Target Group.

(b) As at 29 February 2020, the Target Group had total lease liabilities amounting to RM32 million (approximately RMB53 million).

(c) As at 29 February 2020, the Target Group had no material contingent liabilities and guarantees on a group consolidated basis.

(d) As at 29 February 2020, the Target Group did not have any committed undrawn banking facilities.

Save as those disclosed above or elsewhere in this circular and except for the inter-group liabilities during the ordinary course of business and normal trade payables, as at 29 February 2020, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL OF THE ENLARGED GROUP

The Directors are of the opinion that, following the Completion, after taking into account the Enlarged Group's available credit facilities, the Enlarged Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND OPERATIONAL PROSPECT OF THE ENLARGED GROUP

The Group adheres to its philosophy of providing education to enhance academic qualifications and improve employment, and determines to become a world leading private higher education service provider. Therefore, going out from China to become a world class education group has always been the vision of the Group and is in line with the long-term strategy of the Company. Since the establishment of its first college in 2009, the Group now owns 14 higher education colleges in the PRC with over 147,000 students, and has realized the vision of going from Sichuan to all parts of China. For the Acquisition, the Group has captured a market opportunity to realize the vision of providing overseas education. The Acquisition, on one hand, will continue to expand the financial results of the Company and further enhance the value of equity interest, and on the other hand, it will make preparation in advance for future export of students inside and outside the system and globally to enhance their academic qualifications, while extending the students' lifecycle in the Hope Education system, and in turn, improving the Company's rate of return on capital.

Malaysia is one of the ideal stations overseas. The Malaysian region and China are interdependent, with similar sources of culture, it is located in the core region of the Belt and Road initiative and has closely inseparable strategic cooperation relationship with China. From the political perspective, both China and Malaysia have political appeals in common; from the policy support perspective, Malaysia has always been one of the countries that places high importance on education, its education expenditure/GDP ratio is always higher than 5%, much more than the ratio of 4% in China. Meanwhile, private higher education has a huge local base of local demand, the sources of students in the private sector have already surpassed the sources of students in the public sector, and INTI is a good overseas target due to INTI's relatively large scale, high academic standard and good reputation in Malaysia, and it is a private international higher education institution supported by the Malaysian government, with more than 16,500 students. At the same time, the university and colleges under the INTI system are recognized by the Ministry of Education of the PRC as higher education institutes with qualifications of higher education and degree awarding qualifications.

Whether analysing from the current status (mode of education, quality of education) or from the future perspective (upgraded management, interactive sources), the acquisition of INTI is a strategic move conducive to medium and long term development of the Group and beneficial to continuous enhancement in shareholders' equity in the long run.

The following is the text of a report, set out on pages 20 to 21, received from the Company's reporting accountant, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Malaysia for the purpose of incorporation in this circular.



To the Board of Directors of Hope Education Group Co., Ltd

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP TO THE DIRECTORS OF HOPE EDUCATION GROUP CO., LTD

Introduction

We report on the historical financial information of INTI Education Holdings Sdn. Bhd (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages 22 to 86, which comprises the statements of financial position of the Target Company and consolidated statements of financial position of the Target Group as at 31 December 2017, 2018 and 2019, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2017, 2018 and 2019 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information of the Target Group set out on pages 22 to 86 forms an integral part of this report, which has been prepared for inclusion in the circular of Hope Education Group Co., Ltd (the "**Company**") dated 29 April 2020 (the "**Circular**") in connection with the proposed major transaction in relation to the acquisition of the Target Company by the Company.

Responsibility of the Directors for the Historical Financial Information

The Directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 of Section II to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Company and Target Group for the Relevant Periods ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the Directors of the Company based on the previously issued financial statements of the Target Company and Target Group for the Relevant Periods. The Directors of the Target Company are responsible for the preparation of the previously issued financial statements of the Target Company and Target Group that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and for such internal control as the Directors of the Target Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

Responsibility of the Company's Reporting Accountant

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 of Section II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Company as at 31 December 2017, 2018 and 2019, the consolidated financial position of the Target Group as at 31 December 2017, 2018 and 2019, and of its consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 of Section II to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made by the Directors of the Company.

Yours faithfully,
PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
29 April 2020

I. HISTORICAL FINANCIAL INFORMATION OF INTI EDUCATION HOLDINGS SDN. BHD. AND ITS SUBSIDIARIES

Set out below is the Historical Financial Information of INTI Education Holdings Sdn. Bhd. (the "Target Company") and its subsidiaries (the "Target Group") for the financial years ended 31 December 2017, 2018 and 2019 (the "Relevant Periods") which forms an integral part of this accountant's report. The Historical Financial Information in this report was prepared by the Directors of the Company, based on the underlying financial statements of the Target Company and Target Group for the Relevant Periods (the "Underlying Financial Statements").

The Underlying Financial Statements, on which the Historical Financial Information is based, was approved and issued by the Directors of the Company on 29 April 2020 and were audited by PricewaterhouseCoopers PLT, Malaysia, Chartered Accountants in accordance with approved auditing standards in Malaysia and International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB").

The Historical Financial Information is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(A) Consolidated Income Statements

		Year ended 31 December		
	Note	**2017**	**2018**	**2019**
		RM'000	*RM'000*	*RM'000*
Revenue	*4*	300,697	300,339	287,668
Other operating income		189	615	679
Changes in inventories		19	(81)	(26)
Staff costs	*5*	(123,895)	(128,733)	(134,077)
Depreciation and amortisation		(15,754)	(15,770)	(20,000)
Advertising and marketing expenses		(23,018)	(26,301)	(26,215)
Maintenance and utilities expenses		(23,065)	(26,404)	(22,784)
Rental expenses		(4,662)	(4,211)	–
Management fees		(15,475)	(4,436)	–
Network and royalty fees		(12,775)	(13,102)	(11,946)
Legal and professional fees		(3,293)	(2,674)	(2,770)
Travel and entertainment		(3,571)	(2,966)	(2,964)
Other operating expenses		(54,347)	(43,863)	(38,363)
Operating profit		21,050	32,413	29,202
Finance costs	*7*	(2,451)	(2,058)	(2,918)
Interest income		3,157	2,358	2,282
Profit before tax	*8*	21,756	32,713	28,566
Tax expense	*9*	(7,788)	(11,724)	(8,595)
Net profit for the year		13,968	20,989	19,971
Attributable to:				
Owners of the Target Company		14,906	22,075	21,217
Non-controlling interests		(938)	(1,086)	(1,246)
		13,968	20,989	19,971

(B) Consolidated Statements of Comprehensive Income

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Net profit for the year	13,968	20,989	19,971
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign subsidiaries	197	271	4
Total comprehensive income for the year	14,165	21,260	19,975
Attributable to:			
Owners of the Target Company	15,103	22,346	21,221
Non-controlling interests	(938)	(1,086)	(1,246)
Total comprehensive income for the year	14,165	21,260	19,975

(C) Consolidated Statements of Financial Position

	Note	As at 31 December 2017 RM'000	2018 RM'000	2019 RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	*10*	254,461	252,191	236,560
Right-of-use assets	*11(a)*	–	–	23,187
Intangible assets	*12*	11,535	11,519	12,290
Investment properties	*13*	9,500	9,500	9,500
Investment in joint venture	*14*	–	–	–
Deferred tax assets	*15*	14,670	10,227	12,065
Contract cost assets	*26(a)*	3,504	3,504	3,401
Loan to intermediate holding company	*18.2*	17,364	–	–
		311,034	286,941	297,003
CURRENT ASSETS				
Inventories	*16*	160	79	53
Contract cost assets	*26(a)*	1,752	1,752	1,701
Receivables, deposits and prepayments	*17*	18,830	10,981	12,233
Loan to a fellow subsidiary	*18.1*	23,437	–	–
Loan to intermediate holding company	*18.2*	–	18,205	–
Tax recoverable		10,429	12,637	12,219
Cash and bank balances	*19*	28,661	48,403	56,100
		83,269	92,057	82,306
TOTAL ASSETS		394,303	378,998	379,309
EQUITY				
Share capital	*20*	252,010	252,010	252,010
Reserves	*21*	(50,019)	(27,673)	(34,144)
Equity attributable to:				
Owners of the Target Company		201,991	224,337	217,866
Non-controlling interests	*23*	(4,443)	(5,529)	(6,775)
TOTAL EQUITY		197,548	218,808	211,091

	Note	As at 31 December 2017 RM'000	2018 RM'000	2019 RM'000
NON-CURRENT LIABILITIES				
Provision	*22*	626	590	590
Payables and accruals	*24*	17,708	15,398	–
Contract liabilities	*26(b)*	956	1,132	1,166
Deferred tax liabilities	*15*	28,307	27,764	29,807
Borrowings	*25*	7,913	7,362	3,693
Lease liabilities	*11(b)*	–	–	26,401
		55,510	52,246	61,657
CURRENT LIABILITIES				
Payables and accruals	*24*	99,870	71,383	69,406
Borrowings	*25*	2,299	2,575	2,173
Lease liabilities	*11(b)*	–	–	4,690
Contract liabilities	*26(b)*	34,614	29,537	25,776
Current tax liabilities		4,462	4,449	4,516
		141,245	107,944	106,561
TOTAL LIABILITIES		196,755	160,190	168,218
TOTAL EQUITY AND LIABILITIES		394,303	378,998	379,309

(D) Statements of Financial Position of the Target Company

	Note	As at 31 December 2017 RM'000	2018 RM'000	2019 RM'000
NON-CURRENT ASSETS				
Investment in subsidiaries	*23*	257,388	257,388	257,388
CURRENT ASSETS				
Receivables, deposits and prepayments	*17*	6,494	–	–
Cash and bank balances	*19*	23	39	1,272
		6,517	39	1,272
TOTAL ASSETS		263,905	257,427	258,660
EQUITY				
Share capital	*20*	252,010	252,010	252,010
Reserves	*21*	832	(1,414)	6,567
TOTAL EQUITY		252,842	250,596	258,577
CURRENT LIABILITIES				
Payables and accruals	*24*	11,063	620	59
Loan from a subsidiary	*18.3*	–	6,211	24
		11,063	6,831	83
TOTAL LIABILITIES		11,063	6,831	83
TOTAL EQUITY AND LIABILITIES		263,905	257,427	258,660

(E) Consolidated Statements of Changes in Equity

	Attributable to owners of the Target Company							
	Share capital *RM'000*	Preference shares *RM'000*	Share premium *RM'000*	Foreign currency translation reserve *RM'000*	Accumulated losses *RM'000*	Total *RM'000*	Non-controlling interests *RM'000*	Total equity *RM'000*
At 1 January 2017	10	2,520	249,480	(886)	(60,699)	190,425	(3,789)	186,636
Transition to no par value regime on 31 January 2017	–	249,480	(249,480)	–	–	–	–	–
Comprehensive income/(loss):								
– Net profit for the year	–	–	–	–	14,906	14,906	(938)	13,968
Other comprehensive income:								
– Foreign currency translation differences	–	–	–	197	–	197	–	197
Total comprehensive income/(loss)	–	–	–	197	14,906	15,103	(938)	14,165
Transactions with owners:								
– Dividends *(Note 27)*	–	–	–	–	(3,253)	(3,253)	–	(3,253)
– Deemed acquisition of interests from non-controlling interests *(Note 23)*	–	–	–	–	(284)	(284)	284	–
Total transactions with owners	–	–	–	–	(3,537)	(3,537)	284	(3,253)
At 31 December 2017	10	252,000	–	(689)	(49,330)	201,991	(4,443)	197,548

	Attributable to owners of the Target Company						
	Share capital *RM'000*	Preference shares *RM'000*	Foreign currency translation reserve *RM'000*	Accumulated losses *RM'000*	Total *RM'000*	Non-controlling interests *RM'000*	Total equity *RM'000*
At 1 January 2018	10	252,000	(689)	(49,330)	201,991	(4,443)	197,548
Net profit for the year	–	–	–	22,075	22,075	(1,086)	20,989
Other comprehensive income:							
– Foreign currency translation differences	–	–	271	–	271	–	271
Total comprehensive income/(loss)	–	–	271	22,075	22,346	(1,086)	21,260
At 31 December 2018	10	252,000	(418)	(27,255)	224,337	(5,529)	218,808

		Attributable to owners of the Target Company						
	Note	Share capital *RM'000*	Preference shares *RM'000*	Foreign currency translation reserve *RM'000*	Accumulated losses *RM'000*	Total *RM'000*	Non-controlling interests *RM'000*	Total equity *RM'000*
At 1 January 2019		10	252,000	(418)	(27,255)	224,337	(5,529)	218,808
Net profit for the year		–	–	–	21,217	21,217	(1,246)	19,971
Other comprehensive income:								
– Foreign currency translation differences		–	–	4	–	4	–	4
Total comprehensive income/(loss)		–	–	4	21,217	21,221	(1,246)	19,975
Transactions with owners:								
– Dividends	*27*	–	–	–	(27,692)	(27,692)	–	(27,692)
Total transactions with owners		–	–	–	(27,692)	(27,692)	–	(27,692)
At 31 December 2019		10	252,000	(414)	(33,730)	217,866	(6,775)	211,091

(F) Consolidated Statements of Cash Flows

	Note	Year ended 31 December 2017 RM'000	2018 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		21,756	32,713	28,566
Adjustments for:				
– Property, plant and equipment:				
– write-off		381	172	212
– (gain)/loss on disposal		(182)	57	1
– Intangible assets:				
– write-off		1,965	–	–
– Depreciation and amortisation:				
– Property, plant and equipment		15,750	15,754	16,278
– Right-of-use assets		–	–	3,664
– Intangible assets		4	16	58
– Contract cost assets		5,158	6,404	4,818
– Increase/(decrease) in loss allowance on receivables		(589)	(153)	3
– Bad debts written off		754	849	718
– Finance costs		2,451	2,058	2,918
– Interest income		(3,157)	(2,358)	(2,282)
– Unrealised (gain)/loss on foreign exchange		4,009	725	(550)
– Decrease in provision for other liabilities		(417)	(722)	(1,630)
Operating profit before working capital changes		47,883	55,515	52,774
Changes in working capital:				
– Inventories		(19)	81	26
– Receivables, deposits and prepayments		7,128	7,558	(2,100)
– Payables and accruals		(6,382)	(20,883)	2,487
– Contract liabilities		4,913	(4,901)	(3,727)
– Contract cost assets		(5,140)	(6,404)	(4,664)
Cash generated from operations		48,383	30,966	44,796
Tax paid		(15,636)	(10,050)	(10,700)
Tax refund		362	4	2,771
Net cash flows from operating activities		33,109	20,920	36,867

	Note	Year ended 31 December 2017 RM'000	2018 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		539	1,088	5,987
Proceeds from disposal of property, plant and equipment		197	84	1
Purchase of property, plant and equipment	*(i)*	(9,147)	(11,630)	(10,848)
Purchase of intangible assets		(27)	–	(829)
Loan to a fellow subsidiary		(15,937)	–	–
Repayment of loan by a fellow subsidiary		16,335	22,737	–
Repayment of loan from intermediate holding company		–	–	14,644
Net cash flows from investing activities		(8,040)	12,279	8,955
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(3,253)	–	(27,692)
Interest paid		(1,128)	(818)	(2,941)
Repayment of lease liabilities		(1,418)	(345)	(5,386)
Repayment of term loans		(15,946)	(2,110)	(2,110)
Placement of restricted cash		(696)	–	–
Withdrawal of restricted cash		706	–	–
Repayment of loan to immediate holding company		–	(10,455)	–
Net cash flows from financing activities		(21,735)	(13,728)	(38,129)
NET MOVEMENTS IN CASH AND CASH EQUIVALENTS		3,334	19,471	7,693
EFFECTS OF EXCHANGE RATE FLUCTUATION		197	271	4
CASH AND CASH EQUIVALENTS AT 1 JANUARY		24,434	27,965	47,707
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	*19*	27,965	47,707	55,404

Notes:

(i) Purchase of property, plant and equipment

The Target Group acquired property, plant and equipment with an aggregate cost of RM13,833,000 for the year ended 31 December 2018, of which RM2,203,000 was acquired by means of finance lease through the finance lease arrangement.

(ii) Reconciliation of changes in liabilities arising from financing activities

	Lease liabilities *RM'000*	Finance leases *RM'000*	Term loan *RM'000*	Amount due to immediate holding company *RM'000*	Total *RM'000*
Year ended 31 December 2017					
At 1 January 2017	–	1,498	26,132	10,455	38,085
Cash outflows	–	(1,464)	(17,028)	–	(18,492)
Non-cash transactions:					
Interests on borrowings	–	46	1,028	–	1,074
At 31 December 2017	–	80	10,132	10,455	20,667
Year ended 31 December 2018					
At 1 January 2018	–	80	10,132	10,455	20,667
Cash outflows	–	(668)	(2,605)	(10,455)	(13,728)
Non-cash transactions:					
Addition of leased asset	–	2,203	–	–	2,203
Interests on borrowings	–	323	472	–	795
At 31 December 2018	–	1,938	7,999	–	9,937
Year ended 31 December 2019					
At 1 January 2019	–	1,938	7,999	–	9,937
Effects of adoption of IFRS 16 *(Note 33)*	36,346	(1,938)	–	–	34,408
At 1 January 2019 (as restated)	36,346	–	7,999	–	44,345
Cash outflows	(7,941)	–	(2,496)	–	(10,437)
Non-cash transactions:					
Addition of right-of-use assets	1,177	–	–	–	1,177
Adjustment arising from lease modifications	(1,046)	–	–	–	(1,046)
Interests on borrowings	2,555	–	363	–	2,918
At 31 December 2019	31,091	–	5,866	–	36,957

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

INTI Education Holdings Sdn. Bhd. (the "Target Company") is a private limited liability company, incorporated and domiciled in Malaysia.

The address of its registered office and principal place of business is as follows:

Registered office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P Ramlee
50250 Kuala Lumpur

Principal place of business:

Level 10, INTI International College Subang
No. 3, Jalan SS15/8
47500 Subang Jaya
Selangor Darul Ehsan

The Target Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 23 to the Historical Financial Information.

The immediate and ultimate holding companies are Exeter Street Holdings Sdn. Bhd. ("ESH") and Laureate Education, Inc. ("LEI"), respectively. ESH is incorporated in Malaysia while LEI is incorporated in the United States of America.

The Historical Financial Information and Underlying Financial Statements of the Target Group and the Target Company have been approved by the Board of Directors of the Company on 29 April 2020.

2 BASIS OF PREPARATION AND PRESENTATION

This Historical Financial Information presents the financial track record of the Target Group for the years ended 31 December 2017, 2018 and 2019 and is prepared for the purposes of inclusion in a circular of the Company to its shareholders for the acquisition of the Target Company, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2019.

The Historical Financial Information was prepared by the Directors of the Company, based on the Underlying Financial Statements of the Target Group for the Relevant Periods. In preparing the Historical Financial Information, no adjustments have been made to the Underlying Financial Statements by the Directors of the Company.

The Underlying Financial Statements were prepared by the Directors of the Company based on the previously issued financial statements of the Target Company and Target Group for the Relevant Periods. The Directors of the Target Company are responsible for the preparation of the previously issued financial statements of the Target Company and Target Group that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and for such internal control as the Directors of the Target Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Historical Financial Information of the Target Group has been prepared by the Directors of the Company in accordance with the requirements of IFRS issued by IASB and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

The Historical Financial Information have been prepared under the historical cost convention except as disclosed in this summary of accounting policies.

The preparation of Historical Financial Information of the Target Group in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Historical Financial Information, and the reported amounts of revenues and expenses during the reported period. It also requires Directors of the Company to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Company's Directors' best knowledge of current events and actions, actual results may differ.

The statements of financial position of the Target Company as at 31 December 2017, 2018 and 2019 and the related notes which are prepared and presented pursuant to the requirements of the Listing Rules using the accounting policies which are materially consistent with those of the Company as applied in the Company's financial statements for the year ended 31 December 2019, is not a complete set of financial statements prepared in accordance with International Accounting Standard ("IAS") 1: Presentation of Financial Statements.

These Historical Financial Information are presented in Ringgit Malaysia ("RM"), which is the Target Company's functional currency.

(a) Standards, amendments, annual improvements to published standards and interpretation that are applicable to the Target Group and effective for the Relevant Periods

The Target Group has applied the following standards, amendments, annual improvements to published standards and interpretation for the first time on the following effective dates:

Amendments and annual improvements to published standards effective from 1 January 2017

- Amendments to IAS 7 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to IAS 12 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual Improvements to IFRSs 2014 – 2016 Cycles: Amendments to IAS 12: Clarification of the Scope of the Standard

New standards, amendments, annual improvements to published standards and interpretation effective from 1 January 2018

- Amendments to IAS 40 "Investment Property – Transfers of Investment Property"
- Annual Improvements to IFRSs 2014 – 2016 Cycle: IAS 28 "Investments in Associates and Joint Ventures"
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- IFRS 15 "Revenue from Contracts with Customers"
- IFRS 9 "Financial Instruments"

Except for the effects of the adoption of IFRS 15 and IFRS 9 which are discussed below, the adoption of the above standards did not result in any impact to the Target Group.

(i) IFRS 15 "Revenue from Contracts with Customers"

The Target Group applied IFRS 15 for the first time from 1 January 2018. The standard is applied retrospectively together with the practical expedients as disclosed below.

– Contracts that began and/or completed in 2017 or as at 1 January 2017 were not restated.

– The Target Group did not retrospectively restate contracts that were modified before 1 January 2017.

The effects of the change in accounting policy have therefore been adjusted against the opening retained earnings and the consolidated statement of financial position of the Target Group as at 1 January 2017 to reflect the new requirements of IFRS 15 retrospectively. Consequently, the Target Group recognised contract cost assets of RM5,274,000 and deferred tax liabilities of RM1,266,000 in its opening consolidated statement of financial position, with corresponding adjustment to opening retained earnings as at 1 January 2017.

The Target Group also reclassified course fees in advance of RM30,657,000 as contract liabilities on 1 January 2017, which is presented as a separate financial statement line item on the consolidated statement of financial position of the Target Group. The Target Group's accounting policies under IFRS 15 is disclosed in Note 3(q) and Note 3(w) to the Historical Financial Information.

(ii) IFRS 9 "Financial Instruments"

The Target Group adopted IFRS 9 on 1 January 2018. This standard is applied retrospectively without the use of hindsight in accordance with the Company's disclosed accounting policies, as permitted by the standard. The accounting policy of financial instruments under IFRS 9 is disclosed in Note 3(v) to the Historical Financial Information. The adoption of IFRS 9 did not result in any adjustment to the Target Group's Historical Financial Information as at 1 January 2017.

New standard, amendments, annual improvements to published standards and interpretation effective from 1 January 2019

- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"
- Annual Improvements to IFRSs 2015 – 2017 Cycle
- IFRIC 23 "Uncertainty over Income Tax Treatments"
- IFRS 16 "Leases"

Except for effects of the adoption of IFRS 16 which are discussed below, the adoption of the above standards did not result in any impact to the Target Group in the Relevant Periods.

(i) IFRS 16 "Leases"

The adoption of IFRS 16 for the year ended 31 December 2019 has resulted in changes in accounting policies. The Target Group has adopted IFRS 16 retrospectively from 1 January 2019 using the simplified transition approach and has not restated the 2017 and 2018 reporting periods, as permitted under the standard.

The detailed impact of the change in the accounting policy on leases are disclosed in Note 33. The new accounting policies for leases under IFRS 16 from 1 January 2019 and previous accounting policy applied until 31 December 2018 are disclosed separately in Note 3(d).

(b) Standards, amendments, annual improvements to published standards and interpretation that are applicable to the Target Group but not yet effective

The Target Group will apply the following new standards, amendments to published standards and interpretation for the financial year beginning on/after 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Material
- Amendments to IFRS 3 "Business Combinations" – Definition of a Business
- Amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current"

The Target Group is assessing the impact of the above amendments on the Historical Financial Information of the Target Group in the year of initial adoption.

3 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the Historical Financial Information:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

In the Target Company's statements of financial position, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement of the Target Company. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k) on impairment of non-financial assets.

The Target Group applies the acquisition method to account for business combinations. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Target Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Target Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 3(e)(i) on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statements.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Target Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in consolidated income statements or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(ii) Joint venture

Joint ventures are those entities over whose activities the Target Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the Historical Financial Information using the equity method of accounting. The Historical Financial Information include the Target Group's share of the income and expenses of equity accounted joint ventures, after adjustments to align the accounting policies with those of the Target Group's, from the date that joint control commences until the date that joint control ceases.

When the Target Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Target Group has an obligation or has made payments on behalf of the joint venture.

Investment in joint venture is stated in the Target Group's statements of financial position at cost less accumulated impairment losses.

(iii) Non-controlling interest

Non-controlling interest at the reporting date, being the portion of the net assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Target Company, whether directly or indirectly through subsidiaries, are presented within equity in the statements of financial position of the Target Group, separately from equity attributable to the equity shareholders of the Target Company. Non-controlling interest's share in the results of the Target Group is presented in the consolidated income statements and consolidated statements of comprehensive income of the Target Group as an allocation of the total comprehensive income for the year between the non-controlling interest and the equity shareholders of the Target Company.

Where losses applicable to the non-controlling shareholder exceed the non-controlling's interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling shareholder, are charged against the Target Group's interest except to the extent that the non-controlling shareholders has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports a profit, the Target Group's interest is allocated with such profits until the non-controlling interest's share of losses previously absorbed by the Target Group is recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Historical Financial Information.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Target Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currency of each of the Target Group's entities at exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of the Target Company's subsidiaries at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of all the Target Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in income statements as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statement.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the income statement during the period in which they are incurred.

(iii) Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Freehold land is not depreciated as it has an infinite life. Depreciation on construction in progress commences when the assets are ready for their intended use.

The estimated useful lives and depreciation is at the following principal annual rates:

Buildings	5 – 50 years
Motor vehicles	5 years
Leasehold improvements	10 – 20 years
Equipment and fittings	3 – 10 years
Library books	5 – 7 years

Useful lives and residual values are reviewed, and adjusted if appropriate, at the end of the reporting period.

(iv) Finance lease

Accounting policies applied from 1 January 2019

From 1 January 2019, leased assets under finance lease (including long-term leasehold land) are presented as a separate line item in the statements of financial position. See accounting policy Note 3(d) on right-of-use assets for these assets.

Accounting policies applied until 31 December 2018

Property, plant and equipment acquired under finance lease arrangements (including long-term leasehold land) are capitalised at their purchase cost and depreciated on the same basis as owned assets over the period of the respective leases that range from 5 to 903 years. The total amount payable under finance lease agreements are included as finance lease liabilities.

(d) Leases

(i) Accounting by lessee

Accounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Target Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Target Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Target Group is a lessee, it has elected the practical expedient provided in IFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Target Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Target Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Target Group and affects whether the Target Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Right-of-use assets ("ROU assets")

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Target Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Target Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Target Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Target Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in income statement in the period in which the condition that triggers those payments occurs.

The Target Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within 'finance cost' in the income statement.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in the income statement.

Reassessment of lease liabilities

The Target Group is also exposed to potential future increases in variable lease payments that depend in an index or rate, which are not included in the lease liability until that take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use assets.

Accounting policies applied until 31 December 2018

Finance lease

Leases in which the Target Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The finance cost is charged to consolidated income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets and the lease term if there is no reasonable certainty that the Target Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Target Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in the consolidated income statements over the lease term on the same basis as the lease expense.

Operating lease

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statements on the straight-line basis over the lease period.

(ii) Accounting by lessor

As a lessor, the Target Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Target Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Target Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

The Target Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Target Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of minimum lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to IFRS 9 impairment (refer to Note 3(v) on the policy for impairment of financial assets). In addition, the Target Group reviews regularly the estimated unguaranteed residual value. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Target Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Operating leases

The Target Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Target Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Target Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the statement of financial position of the Target Group as intangible assets, or if arising in respect of jointly controlled entity, is included in investment in joint venture.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Intangible assets acquired as part of a business combination

Other intangible assets acquired by the Target Group are stated at cost less accumulated amortisation and impairment loss except those identifiable intangible assets acquired as part of a business combination which are shown at fair value at the date of acquisition (in accordance with IFRS 3 "Business Combinations") less accumulated amortisation and impairment loss, if any. Identifiable intangible assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

(iii) Software costs

Expenditure on computer software that is not an integral part of the related hardware is treated as an intangible asset and is carried at cost less accumulated amortisation and impairment loss.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Intangible assets with definite useful lives (i.e.: software costs) are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the consolidated income statements on a straight-line basis over their estimated useful lives of 3 years.

(f) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Target Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 3(c).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economics benefits associated with the expenditure will flow to the Target Group and the cost of the item can be measured realiably. All other repairs and maintainance costs are expensed when incurred. When part of the investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses from disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit and loss.

(g) Inventories

Inventories comprise books, stationeries and groceries. Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Target Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 3(v) on impairment of financial assets.

(i) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Target Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued and the liability is initially measured at fair value.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments" and the amount initially recognised.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks which have an insignificant risk of changes in value.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). For the purpose of impairment testing, goodwill arising from a business combination is allocated to the cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the consolidated income statements in the year in which the reversals are recognised.

(l) Share capital

Classification

Ordinary shares and Redeemable Convertible Preference Shares with discretionary dividends are classified as equity.

Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(m) Provision

A provision is recognised if, as a result of a past event, the Target Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Asset retirement obligation

Asset retirement obligation ("ARO") is established to account for future decommissioning and restoration costs, which are primarily in respect of leased premises. The costs are based on current requirements and price levels. The liability is recognised together with a corresponding amount as part of the related right-of-use asset (effective from 1 January 2019) or property, plant and equipment (until 31 December 2018) once an obligation (whether legal or constructive) crystallises in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, including adjustment to the carrying amount of the related lease asset.

(n) Payables

Payables represent liabilities for goods or services provided to the Target Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statements over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statements in the period in which they involve.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statements within other operating income or expenses.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(p) Employee benefits

Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

Defined contribution plan

The Target Group's contributions to the statutory pension funds are charged to the consolidated income statements in the year to which they relate. Once the contributions have been paid, the Target Group has no further payment obligations.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Target Group transfers control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Target Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Target Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

– The customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs.

– The Target Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

– The Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If any of the above conditions are not met, the Target Group recognises revenue at the point in time at which the performance obligation is satisfied.

Specific criteria for each of the Target Group's activities are described below:

(a) Course fees

The Target Group recognises revenue from course fees over the duration of the respective courses.

Course fees are due upon enrollment for students on normal payment plan, or on pre-determined dates throughout the semester for students on installment plan. There is no element of financing present due to the short term nature of the course fees payment terms.

The Target Group's obligation to render services to students for which the Target Group has received consideration in advance from students is presented as contract liabilities in the statement of financial position.

(b) Sale of goods

The Target Group operates a retail store selling books, stationeries and groceries to its students. Revenue from the sale of these goods is recognised at a point in time when the goods are delivered to the customers.

(ii) Revenue from other sources

Hostel revenue

Rental of hostels are recognised over the period of the tenancy.

(r) Interest income

Interest income is recognised using the effective interest method.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statements as part of interest income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(s) Current and deferred income tax

Tax expense for the period comprises current and deferred tax. Tax expense is recognised in consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charge is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Target Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Target Group.

The Target Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(v) Financial assets

Classification

The Target Group classifies its financial assets as those to be measured at amortised cost. The Target Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Target Group commits to purchase or sells the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Target Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest ("SPPI").

Debt instrument

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. The Target Group classifies its debt instruments as those measured at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statements and presented in other operating income or other operating expenses together with foreign exchange gains and losses. Impairment losses are disclosed in Note 8 to the Historical Financial Information.

Impairment of debt instruments and financial guarantee contracts

The Target Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Target Group has three types of financial instruments that are subject to the ECL model:

- Trade receivables;
- Other receivables; and
- Inter-company loans and advances.

Whilst cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Target Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past event, current conditions and forecasts of future economic conditions.

Note 31(b) sets out the measurement details of ECL.

(w) Contract cost assets

The Target Group recognises a contract cost asset in respect of international agent commissions incurred in recruiting overseas students. These commissions are incremental costs that would not have been incurred by the Target Group if the overseas students had not been recruited. The Target Group expects to recover these costs in the future through course fees received from these overseas students. Accordingly, the contract cost asset is amortised on a straight-line basis over the average course duration of 3 years.

An impairment loss is recognised to the consolidated income statements to the extent that the carrying amount of the contract cost asset recognised exceeds the remaining amount of consideration that the Target Group expects to receive for the course fees that the commissions relate to (after deducting additional costs required to provide the courses).

4 REVENUE

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revenue from contracts with customers	286,708	289,006	278,559
Revenue from other sources:			
– Rental of hostels and facilities	13,989	11,333	9,109
	300,697	300,339	287,668

Disaggregation of revenue from contracts with customers:

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Course fees	277,122	279,917	269,224
Sale of goods	858	742	637
Other revenue*	8,728	8,347	8,698
	286,708	289,006	278,559
Timing of revenue recognition:			
– over time	277,122	279,917	269,224
– point in time	9,586	9,089	9,335
	286,708	289,006	278,559

* Other revenue includes miscellaneous income such as international students processing fees, commissions, rental of graduation robes and printing and photocopy charges.

5 STAFF COSTS

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Wages, salaries and bonuses	105,703	109,628	113,940
Defined contribution plan	11,426	12,313	12,885
Other short-term employee benefits	6,766	6,792	7,252
	123,895	128,733	134,077

Employee benefits expense, as shown above, includes the remuneration of the Directors of Target Group and other key management personnel as disclosed in Note 6 to the Historical Financial Information.

6 DIRECTORS' REMUNERATION AND KEY MANAGEMENT PERSONNEL COMPENSATION

The Directors' remuneration and key management personnel compensation are as follows:

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Directors:			
– Fees	141	127	127
– Professional fees paid to Directors for services rendered	300	300	300
– Other emoluments	74	–	–
– Indemnity given or insurance effected for Directors	46	30	35
	561	457	462
Other key management personnel:			
– Salaries and bonuses	5,488	5,197	5,763
– Defined contribution plan	623	544	658
– Other short-term employee benefits	1,165	108	363
	7,276	5,849	6,784
	7,837	6,306	7,246

Other key management personnel comprises persons other than the Directors of Target Group, having authority and responsibility for planning, directing and controlling the activities of the Target Group entities either directly or indirectly.

7 FINANCE COSTS

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Term loans	1,028	472	363
Interest arising from:			
– Lease liabilities (2017 and 2018: Finance lease liabilities)	46	323	2,555
– Unwinding of discount on provisions	1,377	1,263	–
	2,451	2,058	2,918

8 PROFIT BEFORE TAX

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Profit before tax is arrived at after charging/(crediting):			
Auditors' remuneration	665	689	661
Increase/(decrease) in loss allowance on receivables	(589)	(153)	3
Bad debts recovered	(352)	(350)	(354)
Bad debts written off	754	849	718
Property, plant and equipment:			
– depreciation	15,750	15,754	16,278
– write-off	381	172	212
– (gain)/loss on disposal	(182)	57	1
Right-of-use assets:			
– depreciation	–	–	3,664
Intangible assets:			
– amortisation	4	16	58
– write off	1,965	–	–
Foreign exchange loss/(gain):			
– realised	82	2,438	733
– unrealised	4,009	725	(550)
Lease expenses:			
– rental of premises	4,662	4,211	–
Lease income from properties	(750)	(547)	(548)
Management fees	15,475	4,436	–
University partnership fees	14,877	16,794	19,533
Student activities expenses	1,630	1,523	1,926
Academic subscription fees	2,809	2,282	3,006
Indirect transfer taxes	10,776	3,181	944
Finance costs	2,451	2,058	2,918
Interest income	(3,157)	(2,358)	(2,282)
Security expenses	2,744	3,589	3,908
Amortisation of contract cost assets	5,518	6,404	4,818
Provision for other liabilities	(417)	(722)	(1,630)

9 TAX EXPENSE

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Current Malaysian income tax:			
– current year	7,950	8,055	9,321
– over accrual in prior years	(1,137)	(231)	(931)
Real property gains tax			
– under accrual in prior year	896	–	–
	7,709	7,824	8,390
Deferred tax *(Note 15):*			
Origination and reversal of temporary differences	79	3,900	205
Tax expense	7,788	11,724	8,595

The explanation of the relationship between tax expense applicable to profit before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Target Group as follows:

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Profit before tax	21,756	32,713	28,566
Income tax using Malaysian statutory tax rate of 24%	5,221	7,851	6,856
Tax effects of:			
– non-deductible expenses	1,005	2,388	620
– non-taxable income	(461)	(750)	(120)
– current year's tax losses and deductible temporary differences not recognised	4,984	650	1,473
– reduction in tax rate due to increased chargeable income	(16)	–	–
– real property gains tax	896	–	–
	11,629	10,139	8,829
(Over)/under accrual in prior years	(3,841)	1,585	(234)
Tax expense	7,788	11,724	8,595

10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Construction in progress	Buildings	Motor vehicles	Leasehold improvements	Equipment and fittings	Library books	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Target Group									
As at 31 December 2017									
Net book value									
At 1 January 2017	58,350	8,266	22	160,068	1,604	9,141	23,526	483	261,460
Additions	–	–	1,442	153	472	530	6,219	331	9,147
Disposals	–	–	–	–	–	–	(15)	–	(15)
Write off	–	–	(95)	(187)	–	–	(98)	(1)	(381)
Depreciation for the year	–	(73)	–	(6,911)	(436)	(1,503)	(6,281)	(546)	(15,750)
Reclassification	–	–	(20)	(3)	–	–	58	(35)	–
At 31 December 2017	58,350	8,193	1,349	153,120	1,640	8,168	23,409	232	254,461
At 31 December 2017:									
Cost	58,350	8,607	1,349	202,132	4,435	14,551	49,338	3,273	342,035
Accumulated depreciation	–	(414)	–	(49,012)	(2,795)	(6,383)	(25,929)	(3,041)	(87,574)
Net book value	58,350	8,193	1,349	153,120	1,640	8,168	23,409	232	254,461
As at 31 December 2018									
Net book value									
At 1 January 2018	58,350	8,193	1,349	153,120	1,640	8,168	23,409	232	254,461
Additions	–	–	221	2,333	382	–	10,572	325	13,833
Disposals	–	–	–	–	–	–	(141)	–	(141)
Write-off	–	–	–	(67)	–	–	(137)*	(4)	(208)
Depreciation for the year	–	(73)	–	(6,384)	(560)	(1,511)	(6,744)	(482)	(15,754)
At 31 December 2018	58,350	8,120	1,570	149,002	1,462	6,657	26,959	71	252,191
At 31 December 2018:									
Cost	58,350	8,607	1,570	204,316	4,592	14,513	57,439	3,587	352,974
Accumulated depreciation	–	(487)	–	(55,314)	(3,130)	(7,856)	(30,480)	(3,516)	(100,783)
Net book value	58,350	8,120	1,570	149,002	1,462	6,657	26,959	71	252,191

* Relates to a reduction in the provision for asset retirement obligation of RM36,000 due to changes in estimates (Note 22).

	Freehold land *RM'000*	Leasehold land *RM'000*	Construction in progress *RM'000*	Buildings *RM'000*	Motor vehicles *RM'000*	Leasehold improvements *RM'000*	Equipment and fittings *RM'000*	Library books *RM'000*	Total *RM'000*
Target Group									
As at 31 December 2019									
Net book value									
At 1 January 2019									
– as previously reported	58,350	8,120	1,570	149,002	1,462	6,657	26,959	71	252,191
– adjustment upon adoption of IFRS 16 *(Note 33)*	–	(8,120)	–	–	–	–	(1,867)	–	(9,987)
– as restated	58,350	–	1,570	149,002	1,462	6,657	25,092	71	242,204
Additions	–	–	750	307	119	1,141	7,868	663	10,848
Disposals	–	–	–	–	–	–	(2)	–	(2)
Write-off	–	–	–	(24)	–	(16)	(171)	(1)	(212)
Depreciation for the year	–	–	–	(6,484)	(529)	(1,580)	(7,261)	(424)	(16,278)
Reclassification	–	–	(520)	236	–	259	25	–	–
At 31 December 2019	58,350	–	1,800	143,037	1,052	6,461	25,551	309	236,560
At 31 December 2019:									
Cost	58,350	–	1,800	204,835	4,695	16,089	60,031	4,236	350,036
Accumulated depreciation	–	–	–	(61,798)	(3,643)	(9,628)	(34,480)	(3,927)	(113,476)
Net book value	58,350	–	1,800	143,037	1,052	6,461	25,551	309	236,560

Assets leased out under operating lease arrangements

As at 31 December 2017, 2018 and 2019, certain of the Target Group's buildings with carrying amounts of RM43,564,000, RM42,164,000 and RM40,765,000 respectively are leased to the students under an operating lease arrangement with rentals payable monthly. The rental income generated from these properties are disclosed in Note 4 to the Historical Financial Information.

Assets under finance lease arrangements

Included in the Target Group's property, plant and equipment at net book value of RM1,867,000 as at 31 December 2018 are equipment purchased under finance lease arrangements. These assets had been reclassified to right-of-use assets on 1 January 2019 as disclosed in Note 33 to the Historical Financial Information.

Assets pledged as security

Certain assets of a subsidiary of the Target Group are charged to a bank to secure term loan granted to the subsidiary (Note 25), as follows:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Leasehold land (2019: right-of-use assets)	5,168	5,098	5,028
Building	19,290	18,750	18,214
	24,458	23,848	23,242

As at 31 December 2017, 2018 and 2019, the titles to the leasehold land with carrying amounts of RM1,693,000, RM1,692,000 and RM1,690,000 and buildings of a subsidiary of the Target Group with carrying amounts of RM513,000, RM486,000 and RM459,000 respectively are yet to be issued by the relevant authorities to the subsidiary.

11 LEASES

The Target Group's leasing activities as a lessee

(a) Right-of-use assets

	Leasehold land *RM'000*	Buildings *RM'000*	Equipment *RM'000*	Total *RM'000*
Target Group				
Net book value				
At 1 January 2019, upon adoption of IFRS 16 *(Note 33)*	8,120	16,700	1,867	26,687
New leases entered during the year	–	1,177	–	1,177
Depreciation for the year	(73)	(3,143)	(448)	(3,664)
Adjustment due to lease modifications	–	(1,013)	–	(1,013)
At 31 December 2019	8,047	13,721	1,419	23,187
At 31 December 2019				
Cost	8,607	16,801	2,203	27,611
Accumulated depreciation	(560)	(3,080)	(784)	(4,424)
Net book value	8,047	13,721	1,419	23,187
At 1 January 2019				
Cost	8,607	16,700	2,203	27,510
Accumulated depreciation	(487)	–	(336)	(823)
Net book value	8,120	16,700	1,867	26,687

(b) Lease liabilities

Target Group

	As at 31 December 2019 *RM'000*
Analysed as:	
Current	4,690
Non-current	26,401
	31,091

The Target Group leases properties and equipment for the purposes of carrying out its activities as the provider of higher education. These leases comprise fixed payments over the lease terms and may include extension options.

The maturity analysis of the lease liabilities as at 31 December 2019 is disclosed in Note 31(c) under liquidity risk.

Total cash outflows for leases made by the Target Group as a lessee during the year ended 31 December 2019 amounted to RM7,941,000.

The Target Group's leasing activities as a lessor

The Target Group's leasing activities as a lessor are incidental to its role as the provider of higher education. The Target Group mainly leases hostels and facilities to students as well as vacant spaces or stalls in the university and college campuses to tenants for operating as cafeteria. The Target Group's revenue from the leasing of hostels and facilities are disclosed in Note 4 to the Historical Financial Information. Income from the leasing of spaces to tenants amounted to RM750,000, RM547,000 and RM548,000 in the years ended 31 December 2017, 2018 and 2019 respectively.

12 INTANGIBLE ASSETS

	Goodwill	Trade name	Software costs	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
Target Group				
2017				
Net book value				
At 1 January 2017	–	11,366	2,111	13,477
Additions	–	–	27	27
Write-off	–	–	(1,965)	(1,965)
Amortisation for the year	–	–	(4)	(4)
At 31 December 2017	–	11,366	169	11,535
At 31 December 2017				
Cost	35,547	28,850	782	65,179
Accumulated amortisation	–	–	(613)	(613)
Accumulated impairment	(35,547)	(17,484)	–	(53,031)
Net book value	–	11,366	169	11,535
2018				
Net book value				
At 1 January 2018	–	11,366	169	11,535
Amortisation for the year	–	–	(16)	(16)
At 31 December 2018	–	11,366	153	11,519
At 31 December 2018				
Cost	35,547	28,850	782	65,179
Accumulated amortisation	–	–	(629)	(629)
Accumulated impairment	(35,547)	(17,484)	–	(53,031)
Net book value	–	11,366	153	11,519
2019				
Net book value				
At 1 January 2019	–	11,366	153	11,519
Additions	–	–	829	829
Amortisation for the year	–	–	(58)	(58)
At 31 December 2019	–	11,366	924	12,290
At 31 December 2019				
Cost	35,547	28,850	1,611	66,008
Accumulated amortisation	–	–	(687)	(687)
Accumulated impairment	(35,547)	(17,484)	–	(53,031)
Net book value	–	11,366	924	12,290

Trade name is valued at the date of acquisition using the "relief from royalty" method, estimating the amount of royalty expense that would be incurred if the assets were licensed in an arm's length transaction from a third party.

Software costs are in respect of expenditure on the development of a new residential management system where it is reasonably anticipated that the costs will be recovered through future commercial activity.

13 INVESTMENT PROPERTIES

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Freehold land			
Net book value			
At 31 December	9,500	9,500	9,500
Fair value			
At 31 December	39,000	39,000	39,000

The fair value of the property was determined based on valuation by an independent valuer. The fair value of the property was estimated by the Target Group based on estimates by reference to open market value of properties in the vicinity and further adjusted by as appropriate to take account for its specific location. The fair value is classified as Level 3 within the fair value hierarchy. The last valuation was carried out in the year ended 31 December 2018.

The following table shows the valuation methodologies used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Investment properties	**Valuation methodology**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Freehold land	Comparison approach	Price per square foot – RM33 per square foot	The fair value would increase/ (decrease) if the price per square foot increases/(decreases)

The direct operating expenses incurred from investment properties of the Target Group which did not generate rental income during the years ended 31 December 2017, 2018 and 2019 amounted to RM83,000, RM56,000 and RM70,000 respectively.

14 INVESTMENT IN JOINT VENTURE

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Unquoted shares, at cost	3,368	3,368	3,368
Target Group's share of post-acquisition reserves	(3,368)	(3,368)	(3,368)
	–	–	–

There are no capital commitments and contingent liabilities from the joint venture as at 31 December 2017, 2018 and 2019.

Details of the joint venture is:

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of ownership interest		
			2017	2018	2019
			%	%	%
St. Theresa INTI Development Co. Ltd.	Thailand	Managing business of an institute of higher studies/ educational establishment, namely St. Theresa International College	33.0	33.0	33.0

15 DEFERRED TAXATION

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Target Group

	As at 31 December		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Deferred tax assets	14,670	10,227	12,065
Deferred tax liabilities	(28,307)	(27,764)	(29,807)
	(13,637)	(17,537)	(17,742)

	Year ended 31 December		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
The movement in deferred tax is shown as follows:			
At 1 January	(13,558)	(13,637)	(17,537)
(Charged)/credited to profit or loss *(Note 9)*:			
– property, plant and equipment	(942)	(2,037)	(669)
– unutilised tax losses	(22)	(1,203)	(953)
– provisions	78	401	2,106
– contract liabilities	756	(1,061)	(802)
– right-of-use assets	–	–	680
– lease liabilities	–	–	(579)
– contract cost assets	51	–	12
	(79)	(3,900)	(205)
At 31 December	(13,637)	(17,537)	(17,742)

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Subject to income tax:			
Deferred tax assets (before offsetting):			
– property, plant and equipment	2,137	905	–
– lease liabilities	–	–	3,394
– unutilised tax losses	7,142	5,939	4,986
– provisions	5,118	5,519	7,625
– contract liabilities	8,114	7,053	6,251
	22,511	19,416	22,256
Offsetting	(7,841)	(9,189)	(10,191)
Deferred tax assets (after offsetting)	14,670	10,227	12,065
Deferred tax liabilities (before offsetting):			
– property, plant and equipment	(32,091)	(32,896)	(32,660)
– intangible assets	(2,842)	(2,842)	(2,842)
– right-of-use assets	–	–	(3,293)
– contract cost assets	(1,215)	(1,215)	(1,203)
	(36,148)	(36,953)	(39,998)
Offsetting	7,841	9,189	10,191
Deferred tax liabilities (after offsetting)	(28,307)	(27,764)	(29,807)

No deferred tax assets have been recognised for the following unutilised tax losses and deductible temporary differences as at the reporting date:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Unutilised tax losses	42,569	45,278	48,996
Deductible temporary differences	28,254	25,103	27,523

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Target Group can utilise the benefits there from.

Under the Malaysia Finance Act 2018 which was gazette on 27 December 2018, the Target Group's unutilised tax losses is imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025). The amount of unutilised tax losses based on time limit is as follows:

Target Group

	As at 31 December		
	2017*	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Expiry by year:			
– expiring in 2025	–	45,278	37,640
– expiring in 2026	–	–	11,356
	–	45,278	48,996

* *Unutilised tax losses are subject to time limit beginning from the year ended 31 December 2018*

16 INVENTORIES

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Books, stationeries and groceries	160	79	53

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

Target Group

		As at 31 December		
	Note	**2017**	**2018**	**2019**
		RM'000	*RM'000*	*RM'000*
Trade receivables	*17.1*	3,325	2,406	3,107
Less: Loss allowance		(943)	(790)	(793)
		2,382	1,616	2,314
Other receivables	*17.2*	357	489	588
Less: Loss allowance		(5)	(5)	(5)
		352	484	583
Deposits		3,133	3,067	3,054
Prepayments		3,816	5,094	6,132
GST recoverable		53	255	150
Amounts due from related companies	*17.3*	3,639	437	–
Amount due from intermediate holding company	*17.3*	5,455	–	–
Amount due from ultimate holding company	*17.3*	–	28	–
		16,096	8,881	9,336
		18,830	10,981	12,233

Target Company

	Note	As at 31 December 2017	2018	2019
		RM'000	*RM'000*	*RM'000*
Amounts due from related companies	*17.3*	1,039	–	–
Amount due from intermediate holding company	*17.3*	5,455	–	–
		6,494	–	–

17.1 Trade receivables

Credit terms of trade receivables granted by the Target Group range from 1 to 30 days for the years ended 31 December 2017, 2018 and 2019.

The following table contains an ageing analysis of the credit risk exposure of trade receivables based on the invoice due date, for which an ECL is recognised. The gross carrying amount of trade receivables below also represents the Target Group's maximum credit risk.

	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	*RM'000*	*RM'000*	*RM'000*
Target Group				
As at 31 December 2017				
Not past due	–	30	–	30
1 to 3 months past due	1	1,574	(13)	1,561
4 to 6 months past due	14	857	(117)	740
Over 6 months past due	94	864	(813)	51
		3,325	(943)	2,382
As at 31 December 2018				
Not past due	–	17	–	17
1 to 3 months past due	1	1,147	(8)	1,139
4 to 6 months past due	8	492	(38)	454
Over 6 months past due	99	750	(744)	6
		2,406	(790)	1,616
31 December 2019				
Not past due	–	16	–	16
1 to 3 months past due	1	1,781	(13)	1,768
4 to 6 months past due	10	421	(40)	381
Over 6 months past due	83	889	(740)	149
		3,107	(793)	2,314

Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The loss allowance for trade receivables reconciles to the opening loss allowance for that provision as follows:

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
At 1 January	1,532	943	790
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(589)	(153)	3
At 31 December	943	790	793

17.2 Other receivables

Reconciliation of loss allowance

(i) Other receivables

The loss allowance for other receivables reconciles to the opening loss allowance for that provision as follows:

Target Group

	Non-performing		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
At 1 January/31 December	5	5	5

17.3 Amounts due from related companies, intermediate holding company and ultimate holding company

The amounts due from related companies, intermediate holding company and ultimate holding company of the Target Company and the Target Group are non-trade in nature, unsecured, interest free and receivable on demand.

18 LOANS TO/FROM RELATED COMPANIES

18.1 Loan to a fellow subsidiary

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revolving credit granted to a fellow subsidiary	23,437	–	–

As at 31 December 2017, the loan due to a fellow subsidiary relates to a revolving line of credit, which was unsecured, bears interest at 7.0% per annum and repayable on demand.

18.2 Loan to intermediate holding company

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Loan to intermediate holding company:			
– non-current	17,364	–	–
– current	–	18,205	–
	17,364	18,205	–

As at 31 December 2017 and 2018, the loan was unsecured, bore interest at 5.8% per annum and repayable at maturity on 6 August 2019. The loan has been fully settled during the year ended 31 December 2019.

18.3 Loan from a subsidiary

Target Company

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revolving credit granted by a subsidiary	–	6,211	24

During the year ended 31 December 2019, the Target Company utilised the dividend received from the subsidiary amounting to RM6,619,000 as a net settlement arrangement for the loan from the subsidiary.

The loan was related to a revolving line of credit granted to the Target Company, which was unsecured, bears interest at 7.7% per annum and repayable on demand.

19 CASH AND BANK BALANCES

Cash and cash equivalents of the Target Group comprise the following:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Cash and bank balances	28,661	48,403	56,100
Less: Restricted cash	(696)	(696)	(696)
Cash and cash equivalents	27,965	47,707	55,404

Cash and cash equivalents of the Target Company comprise the following:

Target Company

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Cash and bank balances	23	39	1,272

Restricted cash of the Target Group relates to a Finance Service Reserve Account set up with a licensed bank as a security over its term loan facility until the term loan is fully repaid.

20 SHARE CAPITAL

Target Group and Target Company

	As at 31 December					
	2017		**2018**		**2019**	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
	'000	*RM'000*	*'000*	*RM'000*	*'000*	*RM'000*
Issued and fully paid:						
Ordinary shares with no par value						
At 1 January/31 December	10	10	10	10	10	10
Redeemable Convertible Preference Shares with no par value						
At 1 January	252,000	2,520	252,000	252,000	252,000	252,000
Transition to no par value regime	–	249,480	–	–	–	–
At 31 December	252,000	252,000	252,000	252,000	252,000	252,000
Total share capital	252,010	252,010	252,010	252,010	252,010	252,010

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM249,480,000 became part of the Target Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Redeemable Convertible Preference Shares ("Preference Shares") issued by the Target Company shall have the following rights:

(i) The holders of the Preference Shares shall at the full discretion of the Board of Directors of the Target Company, be entitled to receive out of the profits of the Target Company resolved to be distributed in respect of any financial year a non-cumulative preferential dividend at the rate to be determined by the Directors of the Target on the capital for the time being paid up or credited as paid up thereon, such preferential dividend to be paid out of the profits of such financial year only with no right in case of deficiency to resort to the profits of subsequent years. The Preference Shares shall not confer any further right to participate in profits or assets.

(ii) The preference dividend payable on the Preference Shares as may be determined by the Directors of the Target Company shall be paid in priority to the dividend payable on the ordinary shares.

(iii) The Target Company shall be entitled from time to time to create and issue further preference shares ranking pari passu in all respects with the existing Preference Shares.

(iv) In the event of the winding up of the Target Company, the holders of the Preference Shares shall be entitled to have the surplus assets applied, firstly, in paying off the capital paid-up on the Preference Shares, secondly, in paying off any preferential dividend declared but unpaid at the commencement of the winding up and subject as aforesaid the residue of such surplus assets shall be paid to the holders of the Ordinary Shares of the Target and the holders of the Preference Shares shall not be entitled to be paid any of such surplus assets.

(v) The Preference Shares shall not confer any voting rights, including the right to receive notice of or to attend, on the holders thereof at any general meeting, except the following:

- upon any resolutions which varies or is deemed to vary the rights and privileges attaching to the Preference Shares.

- upon any resolution for the winding up of the Target Company or any of its material subsidiaries.

- other circumstances as may be provided under law and applicable to Preference Shares and Preference Shares holder from time to time.

(vi) The Preference Shares can be converted, only with the Target Company Board's approval, at the option of the Preference Shares holder into ordinary shares based on the conversion ratio of one Preference Share for one ordinary shares in the Target.

(vii) If Target Company Board's approval is obtained for conversion by any Preference Shares holders ("Converting Holders"), the Target Company is authorised to immediately convert pro-rata, such proportion of Preference Shares held by the other Preference Shares holders so that upon conversion of the Converting Holder's and all the other Preference Shareholders' Preference Shares, the proportion of shareholding of ordinary shares in the Target Company shall mirror the agreed ratio, same percentage of shareholdings in the Target Company ("Agreed Ratio").

(viii) Redemption:

(a) The Preference Shares can be redeemed, only with the Target Company Board's approval, at the option of the Preference Shares holder and effective 30 days after the date of Target Company Board's approval;

(b) If Target Company Board's approval is obtained for redemption by any Preference Shares holder ("Redeeming Holder") the Target Company is automatically authorised to immediately redeem pro-rata, such proportion of Preference Shares held by the other Preference Shareholders so that upon redemption of the Redeeming Holder's and all the other Preference Share holders' Preference Shares, the proportion of the shareholding of ordinary shares in Redeeming Holder is allowed to convert 50% of Preference Shares held, then 50% of the Preference Shares held by each of the Preference Shares holders shall automatically be redeemed in order to maintain the Agreed Ratio; and

The redemption of the Preference Shares will not be considered a related party transaction and shall not require abstention from deliberation and voting (whether in a board meeting or shareholders' meeting) by any Preference Shareholders or any Target Company's Director nominated by any Preference Shareholders in respect of a proposed redemption of the Preference Shares.

21 RESERVES

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Foreign currency translation reserve	(689)	(418)	(414)
Accumulated losses	(49,330)	(27,255)	(33,730)
	(50,019)	(27,673)	(34,144)

Target Company

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Accumulated losses/(retained earnings)	832	(1,414)	6,567

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial information of foreign operations.

22 PROVISION

Provision for asset retirement obligation is in respect of the Target Group's obligation to dismantle and remove the leasehold improvement from the leased office premise at the end of the lease contract.

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
At 1 January	626	626	590
Reversal	–	(36)	–
At 31 December	626	590	590

23 INVESTMENT IN SUBSIDIARIES

Target Company

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Unquoted shares, at cost			
At 31 December	257,388	257,388	257,388

Details of the subsidiaries of the Target Company are as follows:

Name	**Country of incorporation**	**Effective ownership interest**			**Principal activities**
		2017	**2018**	**2019**	
		%	%	%	
INTI Universal Holdings Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Investment holding
Subsidiaries of INTI Universal Holdings Sdn. Bhd.:					
INTI Education (International) Limited*	Hong Kong	100.0	100.0	100.0	Investment holding
INTI Asset Management Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Property holding and managing hostel accommodation
INTI Education Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Investment holding and provision of management advisory services
INTI Higher Learning Centre Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Investment holding
INTI International Education Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Managing a university for higher education
INTI Instruments (M) Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Managing a college for higher education
Subsidiary of INTI Education (International) Limited					
INTI College Hong Kong Limited*	Hong Kong	98.0	98.0	98.0	Provision of higher learning education
Subsidiary of INTI Asset Management Sdn. Bhd.:					
Erti Utama Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Property and investment holding

Name	Country of incorporation	Effective ownership interest 2017 %	2018 %	2019 %	Principal activities
Subsidiaries of INTI Education Sdn. Bhd.:					
INTI IABS Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Managing a college for higher education
INTI International College Penang Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Managing a college for higher education
INTI Kinabalu Sdn. Bhd.	Malaysia	65.0	65.0	65.0	Managing a college for higher education
Subsidiaries of INTI Higher Learning Centre Sdn. Bhd.:					
INTI Assets Holdings Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Property holding and property management
PJ College of Art & Design Sdn. Bhd.	Malaysia	100.0	100.0	100.0	In Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016
Subsidiary of INTI International Education Sdn. Bhd.:					
INTI Management Services Sdn. Bhd	Malaysia	100.0	100.0	100.0	In Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016
Subsidiary of INTI Management Services Sdn. Bhd.:					
MIM-IMS Education Sdn. Bhd.	Malaysia	98.0	98.0	98.0	In Member's Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016
Subsidiary of INTI Instruments (M) Sdn. Bhd.:					
INTI International College Kuala Lumpur Sdn. Bhd.	Malaysia	100.0	100.0	100.0	Managing a college for higher education

* Not audited by PricewaterhouseCoopers PLT, Malaysia.

Summarised financial information of subsidiary with material non-controlling interests

The subsidiary of the Target Group that has non-controlling interests, which, in the opinion of the Target Company's Directors, are material to the Target Group are as follows:

Name	Proportion of ownership interest held by non-controlling interests 2017	2018	2019	Principal activities
	%	%	%	
INTI Kinabalu Sdn. Bhd.	35.0	35.0	35.0	Managing a college for higher education

There are no significant restrictions on the ability of the subsidiary to transfer funds to the Target Group in the form of cash dividends.

Deemed acquisition of additional interests from non-controlling interests of a subsidiary

On 26 September 2017, the Target Group, via its wholly-owned subsidiary, INTI Management Services Sdn. Bhd., subscribed for additional 4,400,000 ordinary shares at an issue price of RM1.00 each in its subsidiary, MIM-IMS Education Sdn. Bhd. for a total cash consideration of RM4,400,000.

Summarised financial information for the Target Group's subsidiary that has non-controlling interests that is material to the Target Group, is as follows:

Summarised statement of financial position

	As at 31 December		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Current			
Assets	497	344	2,171
Liabilities	(19,446)	(22,595)	(27,666)
Total net current liabilities	(18,949)	(22,251)	(25,495)
Non-current			
Assets	4,363	4,754	4,386
Liabilities	–	(73)	(52)
Total net non-current assets	4,363	4,681	4,334
Net liabilities	(14,586)	(17,570)	(21,161)
Net liabilities attributable to non-controlling interests at the end of the year	(5,105)	(6,150)	(7,406)

Summarised statement of comprehensive income

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Revenue	5,185	4,489	3,899
Loss before taxation	(2,687)	(3,028)	(3,587)
Net loss and total comprehensive loss for the year	(2,689)	(3,028)	(3,587)
Total comprehensive loss allocated to non-controlling interests	(941)	(1,060)	(1,255)

Summarised statement of cash flows

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Net cash flow from operating activities	523	(5,211)	(1,931)
Net cash flow from investing activities	(795)	(732)	(142)
Net cash flow from financing activities	(16)	5,924	4,003
Net (decrease)/increase in cash and cash equivalents	(288)	(19)	1,930
Cash and cash equivalents at the beginning of the year	369	81	62
Cash and cash equivalents at the end of the year	81	62	1,992

24 PAYABLES AND ACCRUALS

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Non-current:			
Provision for onerous lease	17,708	15,398	–

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Current:			
Trade payables	10,173	1,000	4,281
Accrued expenses	44,853	38,211	35,911
Deposits	15,202	15,139	13,654
Hostel fees received in advance	3,162	2,938	2,559
Other payables	3,361	2,541	2,255
GST payable	1,057	–	–
Amounts due to related companies	1,917	2,144	5,276
Amount due to immediate holding company	10,455	–	–
Amount due to ultimate holding company	75	–	–
Provision for onerous lease	1,793	2,310	–
Provision for other liabilities	7,822	7,100	5,470
	99,870	71,383	69,406

Target Company

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Current:			
Accrued expenses	72	57	59
Amount due to a subsidiary	536	563	–
Amount due to immediate holding company	10,455	–	–
	11,063	620	59

Credit terms of trade payables granted to the Target Group range from 1 to 30 days for years ended 31 December 2017, 2018 and 2019.

As at 31 December 2017, 2018 and 2019, ageing analysis of trade payables of the Target Group based on invoice date is as follows:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
0 – 30 days	8,582	592	3,312
31 – 60 days	905	32	623
61 – 90 days	571	134	323
Over 90 days	115	242	23
	10,173	1,000	4,281

The amounts due to immediate holding company, ultimate holding company and related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in deposits of the Target Group as at 31 December 2017, 2018 and 2019 are deposits received for course and rental of hostel of RM15,187,000, RM15,126,000 and RM13,639,000 respectively.

Provision for onerous lease of RM15,398,000 as at 31 December 2018 had been set off against the right-of-use assets upon adoption of IFRS 16 on 1 January 2019. Provisions for other liabilities mainly comprise provisions made for the associated penalties for uncertain tax positions as disclosed in Note 32(a) to the Historical Financial Information.

25 BORROWINGS (SECURED)

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Current			
Term loan	2,219	2,196	2,173
Finance leases	80	379	–
	2,299	2,575	2,173
Non-current			
Term loan	7,913	5,803	3,693
Finance leases	–	1,559	–
	7,913	7,362	3,693
	10,212	9,937	5,866

The term loan is secured by way of a debenture incorporating a fixed charge over certain leasehold land and buildings of a subsidiary (Note 10), a corporate guarantee from INTI Universal Holdings Sdn. Bhd. and a deposit with the bank (Note 19).

Finance lease liabilities, which relates to the lease of certain office equipment and computers, are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

	Minimum lease payments	**Interest**	**Principal**
	RM'000	*RM'000*	*RM'000*
Target Group			
As at 31 December 2017			
Finance lease			
Less than one year	80	–	80
As at 31 December 2018			
Finance lease			
Less than one year	695	316	379
Between one and five years	1,997	438	1,559
	2,692	754	1,938

As disclosed in Note 33, finance lease liabilities are now classified as lease liabilities (Note 11(b)) upon the adoption of IFRS 16 on 1 January 2019.

26 CONTRACT COST ASSET AND CONTRACT LIABILITIES

(a) Contract cost assets

The Target Group recognised an asset in relation to commissions incurred in the recruitment of overseas students for its courses. The asset is amortised on a straight-line basis over the average course duration of 3 years, which is consistent with the pattern of recognition of the course fees revenue.

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Assets recognised from cost incurred to obtain contracts:			
– current	1,752	1,752	1,701
– non-current	3,504	3,504	3,401
	5,256	5,256	5,102

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Amortisation of contract cost assets during the year	5,158	6,404	4,818

(b) Contract liabilities

The Target Group's obligation to render services to students for which the Target Group has received consideration in advance from students is presented as contract liabilities.

Contract liabilities are analysed as below:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Analysed as:			
– current	34,614	29,537	25,776
– non-current	956	1,132	1,166
	35,570	30,669	26,942

Target Group

	Year ended 31 December		
	2017	2018	2019
	RM'000	*RM'000*	*RM'000*
Course fees received in advance			
At 1 January	30,657	35,570	30,669
Revenue recognised that was included in contract liabilities at 1 January	(29,674)	(34,554)	(29,537)
Cash received, excluding amounts recognised as revenue during the year	34,587	29,653	25,810
At 31 December	35,570	30,669	26,942

The aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations in respect of course fees as at 31 December 2017, 2018 and 2019 amounted to RM35,570,000, RM30,669,000 and RM26,942,000 respectively. The Target Group expects to recognise these amounts as revenue over a course of 5 years.

27 DIVIDENDS

Dividends paid in respect of Relevant Periods are as follows:

Target Group and Target Company

	Year ended 31 December					
	2017		2018		2019	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	RM	*RM'000*	*RM*	*RM'000*	*RM*	*RM'000*
Interim single-tier dividend in respect of the year ended 31 December 2017	325.30	3,253	–	–	–	–
First interim single-tier dividend in respect of the year ended 31 December 2019	–	–	–	–	1,213.80	12,138
Second single-tier dividend in respect of the year ended 31 December 2019	–	–	–	–	1,555.40	15,554
	325.30	3,253	–	–	2,769.20	27,692

28 OPERATING LEASES

Leases as lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Less than one year	6,226	6,904	–
Between one and five years	24,490	27,436	–
More than five years	18,281	11,970	–
	48,997	46,310	–

The Target Group leases computers, office equipment and building under operating leases. The leases typically run for periods ranging from 1 to 15 years, with an option to renew the leases after that date at such terms as may be agreed between the lessee and lessor.

Effective from 1 January 2019, the Target Group has recognised right-of-use assets for these leases, except for short-term and low value leases, as disclosed in Note 11 and Note 33 to the Historical Financial Information.

29 CAPITAL COMMITMENTS

Target Group

	As at 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Approved and contracted for:			
– Intangible asset	–	–	715
– Property, plant and equipment	1,945	612	40
Approved but not contracted for:			
– Property, plant and equipment	–	–	30,000

30 SIGNIFICANT RELATED PARTY DISCLOSURE

For the purposes of these Historical Financial Information, parties are considered to be related to the Target Group if the Target Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Target Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Target Group either directly or indirectly. The key management personnel include all the Directors of the Target Company, and certain members of senior management of the Target Group. Key management personnel compensation is also disclosed in Note 6 to the Historical Financial Information.

Significant related party relationships are as follows:

(i) The holding companies as disclosed in Note 1;

(ii) Its subsidiaries and joint venture as disclosed in Note 23 and Note 14 respectively; and

(iii) Substantial shareholders of subsidiaries.

Significant transactions with related parties other than those disclosed elsewhere in the Historical Financial Information are as follows:

Target Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RM'000	*RM'000*	*RM'000*
Transaction with shareholders of the Target			
Dividends to shareholders	(3,253)	–	(27,692)
Transactions with an intermediate holding company			
Interest charged to:			
Laureate Education Asia Limited	841	841	500
Loan repayment from:			
Laureate Education Asia Limited	–	–	18,849
Transactions with fellow subsidiaries			
Interest charged to:			
Education Trademark BV	1,777	429	–
Loan to:			
Education Trademark BV	15,937	–	–
Administrative fees charged to:			
LEI Management Asia Sdn. Bhd.	656	6	–
Royalty and network fees charged by:			
Education Trademark BV	(12,099)	(12,539)	(11,495)
The Blue Mountains International Hotel Management School	(512)	(453)	(432)
Management fees charged by:			
LEI Management Asia Sdn. Bhd.	(5,842)	(1,285)	–
LEI Singapore Pte Ltd	(3,443)	(3,151)	–
Corporate support charges charged by:			
LEI Management Asia Sdn. Bhd.	(6,190)	–	–

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

31 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Target Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk, in the normal course of the business. The Target Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

(a) Market risk

The Target Group does not use derivative financial instruments to hedge its risk exposures, but management regularly reviews and monitors the Target Group's risk exposures using policies and guidelines for overall risk management.

(i) Foreign exchange risk

Foreign currency exchange risk arises when current commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the entities within the Target Group. To manage the foreign exchange risk causing from future commercial transactions and recognised assets and liabilities, the Target Group enters into contracts in Ringgit Malaysia denomination, where possible.

The Target Group's exposure to foreign currency risk at the end of the reporting period, expressed in the Target Group's currency units, is as follows:

	USD *RM'000*	**EUR** *RM'000*	**GBP** *RM'000*	**AUD** *RM'000*
Target Group				
As at 31 December 2017				
Trade receivables	–	–	504	121
Loan to a fellow subsidiary	23,437	–	–	–
Amounts due from related companies	102	–	–	–
Amount due from intermediate holding company	5,455	–	–	–
Trade payables	(1,084)	–	(467)	(1,734)
Amounts due to related companies	(132)	(1,351)	–	(394)
	27,778	(1,351)	37	(2,007)
As at 31 December 2018				
Trade receivables	–	–	282	47
Amounts due from related companies	417	–	–	–
Trade payables	(309)	–	(201)	–
Amounts due to related companies	(1,182)	(631)	–	(331)
	(1,074)	(631)	81	(284)

	USD *RM'000*	EUR *RM'000*	GBP *RM'000*	AUD *RM'000*
As at 31 December 2019				
Trade receivables	1,150	–	242	32
Trade payables	(151)	–	(3)	(285)
Amounts due to related companies	(2,423)	(2,423)	–	(430)
	(1,424)	(2,423)	239	(683)

Sensitivity

The Target Group is primarily exposed to changes in USD/RM, EUR/RM, GBP/RM and AUD/RM exchange rates. The sensitivity on post-tax profit/(loss) to changes in the exchange rates arises mainly from United States Dollar ("USD"), Euro ("EUR"), British Pound ("GBP") and Australian Dollar ("AUD") denominated financial instruments, holding all other variables constant, are as follow:

	(Decrease)/increase to post-tax profit/(loss)		
	2017 *RM'000*	2018 *RM'000*	2019 *RM'000*
Target Group			
USD			
Strengthens by 10% in 2017, 2% in 2018, 1% in 2019	2,111	(16)	(11)
Weakens by 10% in 2017, 2% in 2018, 1% in 2019	(2,111)	16	11
EUR			
Strengthens by 3% in 2017, 2% in 2018, 3% in 2019	(31)	(10)	(55)
Weakens by 3% in 2017, 2% in 2018, 3% in 2019	31	10	55
GBP			
Strengthens by 1% in 2017, 3% in 2018, 1% in 2019	–*	2	2
Weakens by 1% in 2017, 3% in 2018, 1% in 2019	–*	(2)	(2)
AUD			
Strengthens by 2% in 2017, 7% in 2018, 3% in 2019	(31)	(15)	(16)
Weakens by 2% in 2017, 7% in 2018, 3% in 2019	31	15	16

* Less than RM1,000

(ii) Interest rate risk

The Target Group's interest rate risk arose from term loan. The Target Group manages its interest rate exposure by maintaining a mix of fixed and floating rate debts. The Target Group's term loan at floating rate exposes the Target Group to cash flow interest rate risk. However, the movement in interest rate would not have any significant impact to the post-tax profit for the years ended 31 December 2017, 2018 and 2019.

(b) Credit risk

The Target Group's credit risk arises from cash and cash equivalents, intercompany advances as well as credit exposure to students and government scholarship-providers agencies. The Target Group does not have material exposure to credit risk as tuition fees are normally collected in advance. The Target Group's bank balances are placed with creditworthy financial institutions in Malaysia, where the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. The Target Group does not have any significant concentration of credit risk.

Whilst cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Measurement of ECL

(i) Simplified approach for trade receivables

The Target Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 3 to 5 years before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the inflation and market interest rate to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Default and credit-impaired trade receivables

The Target Group defines trade receivables as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria

The Target Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 30 days of when they fall due.

(ii) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Target Group considers the following instances:

– the debtor is in breach of financial covenants; and

– the debtor is insolvent.

Collective assessment on trade receivables

To measure ECL, trade receivables have been grouped based on the shared credit risk characteristics and days past due.

Write-off of trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Target Group. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) General 3-stage approach for other receivables and inter-company loans and advances

At each reporting date, the Target Group measures ECL through loss allowance at an amount equal to 12 month ECL, if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Target Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Target Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

– actual or expected significant adverse changes in business, regulatory, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

– actual or expected significant changes in the operating results of the debtor; and

– significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. However, this presumption is rebutted for certain other receivables and inter-company loans and advances, as it has no fixed repayment terms. In such instances, the debtor's failure to repay the Target Group on demand constitutes a significant increase in credit risk of these financial assets.

The Target Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when the debtor is loss-making and insolvent.

The Target Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Target Group may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Financial instruments that are credit-impaired are assessed on individual basis.

The Target Group uses four categories to reflect the credit risk and how the loss allowance is determined for each of these financial assets. A summary of the assumptions underpinning the Target Group's expected credit loss model is as set out below:

Category	**Target Group's definition of category**	**Basis for recognising ECL**
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Underperforming	Debtor for which there is a significant increase in credit risk.	Lifetime ECL
Non-performing	The debtor is loss-making and insolvent.	Lifetime ECL (credit-impaired)

Category	Target Group's definition of category	Basis for recognising ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of the debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

Maximum exposure to credit risk

The analysis of the credit risk exposure of other receivables and inter-company loans and advances for which an ECL allowance is recognised. Their gross carrying amount disclosed below also represents the Target Group's maximum exposure to credit risk on these assets:

(i) Other receivables

Target Group's internal credit rating	**Performing**	**Under-performing**	**Non-performing**	**Write-off**	**Total**
Internal rating	A	B	C	D	
ECL rate	0% *	50%	100%	100%	
Basis of recognition of ECL allowance	**12 months ECL**	**Lifetime ECL**	**Lifetime ECL (credit-impaired)**	**Assets is written off**	
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 31 December 2017					
Gross carrying amount	352	–	5	–	357
Loss allowance	–^	–	(5)	–	(5)
Net carrying amount	352	–	–	–	352
At 31 December 2018					
Gross carrying amount	484	–	5	–	489
Loss allowance	–^	–	(5)	–	(5)
Net carrying amount	484	–	–	–	484
At 31 December 2019					
Gross carrying amount	583	–	5	–	588
Loss allowance	–^	–	(5)	–	(5)
Net carrying amount	583	–	–	–	583

* Less than 1%

^ The identified impairment loss was immaterial

(ii) Inter-company loans and advances

As at 31 December 2018 and 2017, the inter-company loans and advances of the Target Group and the Target Company include loan to intermediate holding company, amounts due from related companies and ultimate holding company, which were performing and the identified impairment loss was immaterial.

(c) Liquidity risk

The Target Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand *RM'000*	**Less than one year** *RM'000*	**Between one and five years** *RM'000*	**Over five years** *RM'000*
Target Group				
As at 31 December 2017				
Trade payables	–	10,173	–	–
Other payables	–	3,361	–	–
Deposits	–	15,202	–	–
Accrued expenses	–	42,146	–	–
Amounts due to related companies	1,917	–	–	–
Amount due to immediate holding company	10,455	–	–	–
Amount due to ultimate holding company	75	–	–	–
Finance leases	–	80	–	–
Term loan	–	2,588	8,692	–
As at 31 December 2018				
Trade payables	–	1,000	–	–
Other payables	–	2,541	–	–
Deposits	–	15,139	–	–
Accrued expenses	–	36,178	–	–
Amounts due to related companies	2,144	–	–	–
Finance leases	–	695	1,997	–
Term loan	–	2,474	6,218	–
As at 31 December 2019				
Trade payables	–	3,084	–	–
Other payables	–	2,255	–	–
Deposits	–	13,654	–	–
Accrued expenses	–	34,462	–	–
Amounts due to related companies	5,276	–	–	–
Lease liabilities	–	6,826	34,309	–
Term loan	–	2,425	3,857	–

	Repayable on demand *RM'000*	Less than one year *RM'000*	Between one and five years *RM'000*	Over five years *RM'000*
Target Company				
As at 31 December 2017				
Accrued expenses	–	72	–	–
Amount due to a subsidiary	536	–	–	–
Amounts due to immediate holding company	10,455	–	–	–
As at 31 December 2018				
Accrued expenses	–	57	–	–
Amount due to a subsidiary	563	–	–	–
Loan from a subsidiary	6,211	–	–	–
As at 31 December 2019				
Accrued expenses	–	59	–	–
Loan from a subsidiary	24	–	–	–

The Target Group's current liabilities exceeded current assets by RM57,975,000, RM15,887,000 and RM24,255,000 as at the 31 December 2017, 2018 and 2019 respectively, of which current liabilities on those dates comprised contract liabilities of RM34,614,000, RM29,537,000 and RM25,776,000 respectively for which the Target Group will recognise as revenue in future periods when the related performance obligations are satisfied.

The Directors of the Target Company has concluded that there is no adverse condition that would affect the Target Group's ability to meet its obligations when they fall due within the next 12 months from the respective reporting dates, by taking into consideration the contractual maturities of financial liabilities (excluding any non-financial liabilities) and the net cash flows expected to be generated from the Target Group's operations within the next 12 months.

(d) Capital risk

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

The Target Group views capital as equity as shown on the consolidated statements of financial position.

Under the terms of the term loan facility undertaken by a subsidiary, the Target Group is required to maintain a total debt to tangible net worth ratio which does not exceed 1.2 times at all times, tangible net worth not less than RM195,000,000 and ensure that declaration of dividend does not exceed 50% of net profit after tax of the borrowing entity.

There is no non-compliance of financial covenants for borrowings of the Target Group during the years ended 31 December 2017, 2018 and 2019.

Effective interest rates and repricing analysis

In respect of interest bearing financial assets and financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier.

	Note	Effective interest rate as at 31 December % p.a.	Total RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Target Group						
At 31 December 2017						
Term loan	25	5.38	10,132	2,219	2,110	5,803
At 31 December 2018						
Term loan	25	6.67	7,999	2,196	2,110	3,693
At 31 December 2019						
Term loan	25	5.50	5,866	2,173	2,110	1,583

Fair values

Recognised financial instruments

The carrying amounts of the Target Group's and Target Company's financial assets and liabilities at the end of the reporting periods approximate their fair values unless otherwise disclosed.

Fair value estimation

Assets and liabilities are disclosed or measured at fair value based on valuation methods as defined in the fair value measurement hierarchy as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The aggregate fair value of term loan at the reporting date are classified as Level 2 which are based on current interest rate in an active market for similar financial instruments.

	As at 31 December					
	2017		2018		2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Target Group						
Term loan	10,132	8,737	7,999	6,874	5,866	5,532

32 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Target Group's results and financial positions are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are outlined below:

(a) Provisions for other liabilities

The Target Group applies the expected value method to measure the effect of uncertainty for each uncertain tax treatment in accordance with IFRIC 23 "Uncertainty over Income Tax Treatments" from 1 January 2019 and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" until 31 December 2018. Under this method, the Target Group's best estimate of the tax amount expected to be paid is determined by weighing possible outcomes by their associated probability. At 31 December 2017, 2018 and 2019, the Target Group has recognised a liability of approximately RM7,389,000, RM6,667,000 and RM5,039,000 respectively relating to the associated penalties for uncertain tax positions.

The Target Group has open income tax years with the tax authorities. The Target Group believes that it has recorded adequate provisions for any future income taxes that may be owed for all open tax years.

33 ADOPTION OF IFRS 16 "LEASES"

As disclosed in Note 2 to the Historical Financial Information, the Target Group has adopted IFRS 16 from 1 January 2019 which has resulted in changes in accounting policies.

IFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. IFRS 16 introduces a single accounting model, requiring the lessee to recognise the "right-of-use" of the underlying asset and the lease liability reflecting future lease payments liabilities in the statement of financial position. The right-of-use asset is depreciated in accordance with the principles in IAS 16 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the consolidated income statement. For lessors, IFRS 16 retains most of the requirements in IAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Target Group has adopted IFRS 16 retrospectively from 1 January 2019 using the simplified transition approach and has not restated the 2018 reporting period, as permitted under the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance of statements of financial position of the Target Group as at 1 January 2019. The information for the years 2017 and 2018 continued to be reported under the previous accounting policies governed under IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

The Target Group as a lessee

The impact of IFRS 16 on the Target Group's Historical Financial Information is as below:

(i) Leases previously classified as operating leases

On adoption of IFRS 16, the Target Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities are measured at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate as of 1 January 2019, which ranges from 4.1% to 13.5% per annum.

On a lease-by-lease basis, the Target Group measures the associated right-of-use asset on a retrospective basis either at its carrying amount as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by accrued lease payments relating to that lease recognised as at 31 December 2018.

In applying IFRS 16 for the first time, the Target Group has applied the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Target Group has also elected not to reassess whether a contract contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Target Group has relied on its assessment made by applying IAS 17 and IFRIC 4. The adoption of IFRS 16 did not have any impact to the financial statements of the Target Company as the Target Company does not have any leasing activities.

(ii) Leases previously classified as finance leases

For leases previously classified as finance leases, the Target Group recognised the carrying amount of the lease asset immediately before the transition as the carrying amount of the right-of-use assets on the date of initial application. The measurement principles of IFRS 16 are then applied after that date. Consequently, the Target Group reclassified the leasehold land and assets under finance lease amounting to RM9,987,000 which were previously included in 'property, plant and equipment' to 'right-of-use assets' on the date of initial application.

The adoption of IFRS 16 has also resulted in the following impact on the Target Group's financial performance and cash flows for the year ended 31 December 2019:

- Expenses incurred on operating lease payments which were previously included in the consolidated income statements were replaced by interest expense on lease liabilities (included within "finance costs") and depreciation of right-of-use assets (included within "depreciation and amortisation"); and
- Cash outflows for the payment of operating lease rentals which were previously reported within "net cash flow from operating activities' are now reported under "net cash flow from financing activities", except for short-term leases and leases of low value assets which continue to be classified within operating activities.

The reconciliation between operating lease commitment disclosed as at 31 December 2018 and lease liabilities recognised at the date of initial application of 1 January 2019 is as follow:

	RM'000
Operating lease commitments disclosed as at 31 December 2018	46,310
Discounted effect using the lessee's incremental borrowing rate as at the date of initial application	(11,902)
Add: Reclassification of finance lease liabilities recognised as at 31 December 2018	1,938
Lease liabilities recognised as at 1 January 2019 upon adoption of IFRS 16	36,346
Lease liabilities recognised as at 1 January 2019 classified as:	
– Non-current	31,249
– Current	5,097
	36,346

The detailed impact arising from the adoption of IFRS 16 on the consolidated statement of financial position of the Target Group as at 1 January 2019 is as follows:

	IAS 17 carrying amounts – 31 December 2018 *RM'000*	**Adjustments** *RM'000*	**IFRS 16 carrying amounts – 1 January 2019** *RM'000*
Statement of financial position (extract)			
Non-current assets			
Property, plant and equipment	252,191	(9,987)	242,204
Right-of-use assets	–	26,687	26,687
Non-current liabilities			
Provision for other liabilities	(17,708)	17,708	–
Lease liabilities	–	(31,249)	(31,249)
Borrowings	(7,362)	1,559	(5,803)
Current liabilities			
Lease liabilities	–	(5,097)	(5,097)
Borrowings	(2,575)	379	(2,196)

The Target Group as a lessor

The Target Group did not intend to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

34 SUBSEQUENT EVENTS

The escalating COVID-19 outbreak since the beginning of 2020 has led to various precautionary and containment measures being implemented by governments domestically and abroad. These measures which include a movement control order and temporary international travel restrictions have led to disruptions of face-to-face teaching and learning activities. Consequently, the Target Group has taken several actions in order to minimise the impact on the Target Group's operations. These include, but are not limited to, the following:

- Replacing face-to-face teaching with E-learning
- Replacing final exams with alternative assessments
- Rescheduling semester commencements
- Instituting Work From Home ("WFM") for staff

The Target Group will continue to monitor the situation, take appropriate and timely actions as the situation develops. At this juncture, the Target Company's management is unable to reliably estimate the financial impact of COVID-19 on the Target Group's results for the next financial year.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any periods subsequent to 31 December 2019 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 31 December 2019.

REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the directors of Hope Education Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Hope Education Group Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and INTI Education Holdings Sdn. Bhd. (the "Target Company", together with the Group hereafter collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2019 and related notes (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the circular of the Company dated 29 April 2020 (the "Circular").

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate purpose only, to provide information about how the acquisition of 100% equity interest in the Target Company (the "Acquisition") by the Company might have affected the financial position of the Group as at 31 December 2019 as if the Acquisition had taken place at 31 December 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2019, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to provide information about how the Acquisition might have affected the financial position of the Group as if the transaction had taken place at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
29 April 2020

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

This unaudited proforma financial information (the "Unaudited Pro Forma Financial Information") of Hope Education Group Co., Ltd. (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group"), and INTI Education Holdings Sdn. Bhd. (the "Target Company") (the Group and the Target Company are hereafter collectively referred to as the "Enlarged Group"), comprising the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2019, has been prepared by the directors of the Company (the "Directors") in accordance with Rule 4.29 of the Listing Rules and is solely prepared for the purpose to illustrate the effect of the proposed acquisition of 100% equity interest in the Target Company (the "Acquisition") to the Group as if the Acquisition has been completed on 31 December 2019.

The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2019, which has been extracted from the annual results announcement of the Group for the year ended 31 December 2019; and (ii) the audited consolidated statement of financial position of the Target Company and its subsidiaries (the "Target Group") as at 31 December 2019, which has been extracted from the financial information of the Target Group thereon set out in Appendix II to the circular dated 29 April 2020 ("Circular"), after making certain pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Forma Financial Information, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 December 2019. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this Circular, and that of the Target Group, as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular.

The Unaudited Pro Forma Financial Information

	The Group as at 31 December 2019	The Target Group as at 31 December 2019	Pro forma adjustments		Pro forma Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note (1)	*Note (3)*	*Note (4)*	*Note (5)*	
NON-CURRENT ASSETS					
Property, plant and equipment	4,563,972	395,055	316,021	–	5,275,048
Right-of-use assets	1,163,340	38,722	–	–	1,202,062
Goodwill	595,820	–	–	–	595,820
Amounts due from related parties	275,110	–	–	–	275,110
Other intangible assets	218,976	20,524	346,015	–	585,515
Investment properties	–	15,865	–	–	15,865
Investment in a joint venture	196,242	–	–	–	196,242
Prepayments, deposits and other receivables	224,815	–	–	–	224,815
Restricted bank balance	108,787	–	–	–	108,787
Deferred tax assets	1,404	20,149	–	–	21,553
Contract cost assets	–	5,680	–	–	5,680
Total non-current assets	7,348,466	495,995	–	–	8,506,497
CURRENT ASSETS					
Inventories	–	89	–	–	89
Contract cost assets	–	2,841	–	–	2,841
Trade receivables	3,714	–	–	–	3,714
Prepayments, deposits and other receivables	720,787	20,429	–	–	741,216
Amounts due from related parties	30,868	–	–	–	30,868
Structured deposits	1,002,967	–	–	(922,050)	80,917
Other financial assets at fair value through profit or loss	9,310	–	–	–	9,310
Restricted bank balance	50,000	–	–	–	50,000
Tax recoverable	–	20,406	–	–	20,406
Cash and cash equivalents	1,690,419	93,687	(24,505)	(34,150)	1,725,451
Total current assets	3,508,065	137,452	–	–	2,664,812

	The Group as at 31 December 2019	The Target Group as at 31 December 2019	Pro forma adjustments		Pro forma Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note (1)	*Note (3)*	*Note (4)*	*Note (5)*	
CURRENT LIABILITIES					
Contract liabilities	806,431	43,046	–	–	849,477
Trade payables	33,610	–	–	–	33,610
Other payables and accruals	1,142,865	115,908	–	–	1,258,773
Lease liabilities	27,825	7,832	–	–	35,657
Deferred income	32,545	–	–	–	32,545
Interest-bearing bank and other borrowings	1,003,293	3,629	–	–	1,006,922
Amounts due to related parties	30,763	–	–	–	30,763
Taxes payable	65,203	7,542	–	–	72,745
Total current liabilities	3,142,535	177,957	–	–	3,320,492
NET CURRENT ASSETS/(LIABILITIES)	365,530	(40,505)	–	–	(655,680)
TOTAL ASSETS LESS CURRENT LIABILITIES	7,713,996	455,490	–	–	7,850,817
NON-CURRENT LIABILITIES					
Provision	–	985	–	–	985
Contract liabilities	–	1,947	–	–	1,947
Deferred income	1,072,673	–	–	–	1,072,673
Interest-bearing bank and other borrowings	1,593,599	6,167	–	–	1,599,766
Deferred tax liabilities	5,889	49,778	45,168	–	100,835
Lease liabilities	132,662	44,090	–	–	176,752
Other payable	343,885	–	–	–	343,885
Total non-current liabilities	3,148,708	102,967	–	–	3,296,843
NET ASSETS	4,565,288	352,523	–	–	4,553,974

	The Group as at 31 December 2019	The Target Group as at 31 December 2019	Pro forma adjustments		Pro forma Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note (1)	*Note (3)*	*Note (4)*	*Note (5)*	
EQUITY					
Equity attributable to owners of the Company	–	–	–	–	–
Issued capital	454	420,857	(420,857)	–	454
Reserves	4,561,763	(57,020)	(899,180)	956,200	4,561,763
	4,562,217	363,837	–	–	4,562,217
Non-controlling interests	3,071	(11,314)	–	–	(8,243)
Total equity	4,565,288	352,523	–	–	4,553,974

Notes:

(1) The audited consolidated statement of assets and liabilities of the Group as at 31 December 2019 is extracted from the audited consolidated statement of financial position as at 31 December 2019 of the Group as set out in the published annual results announcement of the Company as at and for the year ended 31 December 2019.

(2) For the purpose of preparing the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the translation of MYR to RMB was made at a rate of MYR1.00 to RMB1.67.

(3) The consolidated statement of assets and liabilities of the Target Company and its subsidiaries (the "Target Group") as at 31 December 2019 is extracted from the financial information of the Target Group as set out in Appendix II to this circular and is translated into RMB.

(4) The Acquisition

Pursuant to the terms of the Agreement, the total consideration for the above Acquisition is USD140,000,000 (equivalent to approximately RMB956,200,000), which will be satisfied by the structured deposits held by the Group.

Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Group were accounted for in the consolidated statement of financial position of the Enlarged Group at fair value under the acquisition method in accordance with International Financial Reporting Standard 3, "Business Combination" ("IFRS 3"). For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Group has carried out an illustrative consideration allocation exercise in accordance with IFRS 3. The identifiable assets and liabilities of the Target Company are recorded in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at their provisional fair values estimated by the Directors with reference to the preliminary valuation performed by an independent professional qualified valuer on the Target Company for the purpose of purchase price allocation.

The excess amount of the consideration over the Group's share of the fair value of the net identifiable assets of the Target Group is recognised as goodwill. The goodwill arising from the Acquisition of the continuing business of the Target Company is calculated as follows:

	Notes	*RMB'000*
Total identifiable net assets at carrying amounts		352,523
Less: Estimated Net Cash to be paid by the Target Group	*a*	24,505
Adjusted total identifiable net assets at carrying amounts		328,018
Fair value adjustments for land and buildings	*b*	316,021
Less: Deferred tax liability on the fair value adjustment	*c*	45,168
Total identifiable net assets at fair values		598,871
Less: Non-controlling interests		(11,314)
		610,185
Goodwill and intangible assets	*d*	346,015
The total consideration paid for the acquisition of the 100% equity interest in the Target Company		956,200

(a) Pursuant to the Agreement, the Target Group will pay Estimated Net Cash with an amount equivalent to 10% of the estimated accounting revenue of the Target Group for the period from the date of the Agreement to the Completion Date to the Vendor, for the effort of managerial contribution by the Vendor. Therefore, the Estimated Net Cash is not considered as adjustment affecting the Consideration, but rather a periodical expense that will reduce the net assets of the Target Group before the Completion. The percentage of 10% adopted in determination for the Estimated Net Cash is by reference to the audited net profit margin of 7% of the Target Group for the years ended 31 December 2018 and 2019. A higher than historical net profit margin could motivate the Vendor for a better managerial performance in cost control and enrolment, which will contribute in the medium term in the Enlarged Group. The revenue for the relating period was estimated by the Director referencing to the existing student number and average tuition fee, taking into consideration of the impact of COVID-19 outbreak to the temporary closure of campus in Malaysia.

The Estimated Net Cash is estimated at 10% of the estimated accounting revenue of the Target Group for a period of six months since the date of the Agreement. The Director of the Company is of the opinion that it will take six months to obtain the approval from MOE.

The estimated accounting revenue of the Target Group for a period of six months is estimated under the assumptions as follows:

1. the unit course fee and hostel fee are estimated by reference of historical data from years of 2018 and 2019 and are expected to remain stable. As a major participant in private education market in Malaysia, the determination of course fee and hostel fee will make reference to the acceptance level of the market, historical experience of the Target Group and the internal resources and operating cost of the Target Group;

2. the student number of domestic students are estimated based on the actual enrolment as of 31 December 2019 and are expected to remain stable. With an established footprint of six campuses across Malaysia, and a more than 30-year operating track record, INTI is one of Malaysia's most prestigious, for-profit, tertiary institutions. INTI has an unyielding focus on outstanding academic outcomes for its students, with strong industry collaborations. INTI offers a holistic learning experience and teaches its students the right skill sets to adapt to the modern economy. This has resulted in outstanding graduate outcomes:

   (a) 87% brand awareness Highest among peers;

   (b) 100% Internship placements;

   (c) 99% of graduates are employed within 6 months of graduation;

   (d) 91% of graduates are paid higher than the market average.

   Therefore, the Board is of the opinion that INTI will be able to retain current enrolment level for its domestic student effortlessly;

3. the student number of international students are estimated based on the actual enrolment as of 31 December 2019 and taking into account the impact of COVID-19, are expected to decrease by 20% comparing to the number of new international students enrolment of the Target Group during 2019. According to management of the Target Group, since the outbreak of COVID-19 and during the period of "Movement Control Order" issued by the Malaysian government, there were around 350 international students, which accounted for 17% of total international students of the Target Group, have returned to their home country and participated in the online courses provided by the Target Group. The Board is of the opinion that the percentage of international students returned to their respective home country during the outbreak reflects the reluctancy of international students studying abroad when facing global pandemic risks like COVID-19. However, along with the gradually control over COVID-19, the negative impact on new enrolment of the international students as a result of the outbreak will not exceed 20% (or a total number of around 90 students), which accounts for only 0.5% of the total enrolment of the Target Group in coming school semesters in 2020. The Board is of the opinion that the decrease in the number of enrolment from the international students is within the normal fluctuation of enrolment in the market.

   In conclusion, based on the above assumptions, the estimated accounting revenue is amounted to RM 490million for the twelve months ended 31 December 2020. As the accounting revenue is amortised on straightline basis over the period the relating service the Target Group provided. Therefore, the estimated net cash is calculated at 10% of the estimated accounting revenue recognised for six months of 2020, which is amounting to RM245 million.

(b) The fair value adjustment for land and buildings was calculated using the fair value of land and buildings less their carrying amount as at 31 December 2019. The fair values of land and buildings are extracted from the financial information of the Target Group as set out in Appendix VI to this circular and are translated into RMB.

(c) The adjustment on deferred tax liabilities of RMB45,168,000 is determined based on the fair value surplus of land and buildings with reference with its applicable tax rates in Malaysia.

(d) Since the fair values of the identifiable assets and liabilities of the Target Group at the Completion Date may substantially differ from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets, including new intangible assets identified which in the opinion of the Directors are separately recognised from the goodwill, may be different from the amounts presented above. In the opinion of the Directors by taking into account the reference to the valuation report as Appendix V and fair values of land and buildings, the increase in valuation of the Target Group is primarily attributable to the intangible assets namely trade name and licenses which are separately identifiable from the goodwill upon the finalisation of the purchase price allocation exercise.

The Directors of the Company confirm that consistent policies and assumptions have been applied for the purpose of assessing impairment of goodwill and other intangible assets under International Accounting Standard 36 *Impairment of Assets*, and the Directors are not aware of any indications that an impairment of the Enlarged Group's goodwill and other intangible assets is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

According to the Group's accounting policies, the Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with definite lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In the preparation of the Unaudited Pro Forma Financial Information, the Directors have assessed the current overall market environment, industrial policies and the operating situation of the Enlarged Group.

The Board is of the opinion that the outbreak of COVID-19 has no material impact on new enrolment of the international students, the group of which only accounted for 11% of the total enrolment of the Target Group in 2019. In addition, the negative impact on new enrolment of the international students, which accounts for only 0.5% of the total enrolment, is minimal and is within the normal fluctuation of enrolment in the market. As the major part of the revenue of the Target Group is derived from the domestic students, which have not been materially impacted by the outbreak of COVID-19 together with the minimal negative impact on the international students enrolment, the Board is of the opinion that there is no impairment indication of the trade name, licenses and goodwill arising from the Acquisition of the Target Company as set out in the Unaudited Pro Forma Financial Information.

(5) According to the Agreement, a cash payment of USD5,000,000 (equivalent to approximately RMB34,150,000) being the deposit amount has been made on the same day as the execution of the Agreement. The remaining balance of the Consideration in the sum of USD135,000,000 (equivalent to approximately RMB922,050,000) will be settled upon the completion of the Acquisition using the structured deposits when it became mature in April 2020.

(6) No adjustment has been made to the Unaudited Pro Forma Financial Information for acquisition-related costs (including fees to legal advisers, reporting accountants, valuer, and other expenses) and the Directors determined that such costs are insignificant.

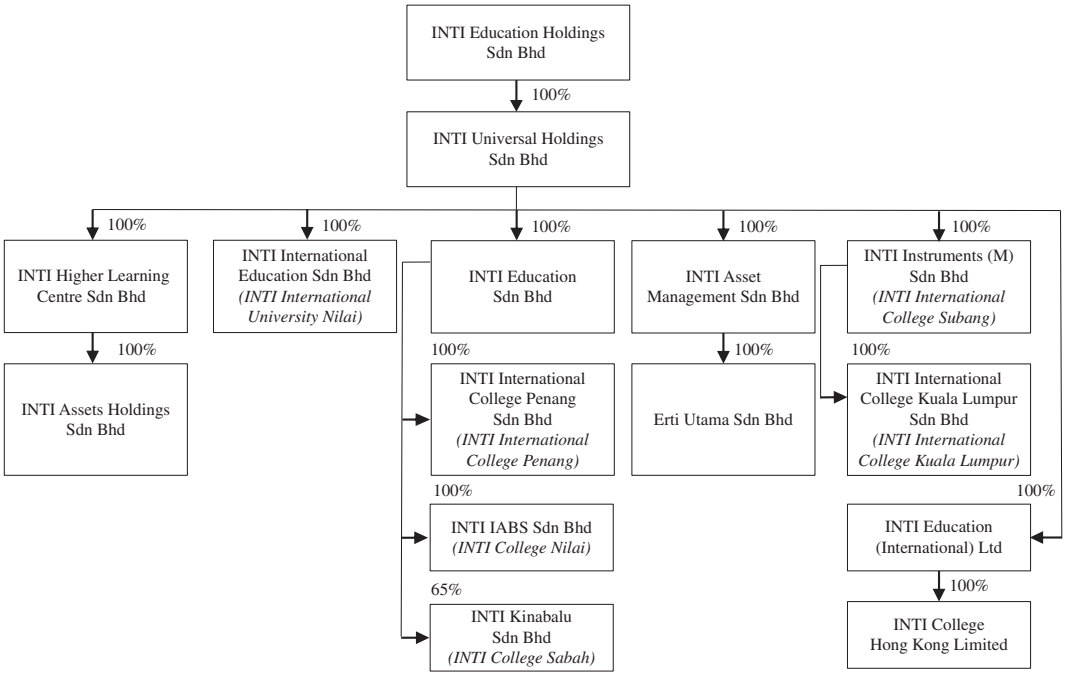
(7) The unaudited pro forma information has not taken into account the 2019 proposed final dividend of approximately RMB150,348,000 which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Had the dividend been taken into account, the cash and cash equivalents and reserve in the unaudited pro forma information would decrease by RMB150,348,000, respectively. In addition, no adjustments have been made to adjust any trading results or other transactions of the Enlarged Group subsequent to 31 December 2019.

1. Overview

The Target Group is one of the largest private higher education service providers in Malaysia in terms of student enrolment, providing academic education for junior college, bachelor's degree, master's degree and doctorate degree programs. Currently, it has over 16,500 students and the annual tuition fee per student is estimated at approximately RMB30,000. It is a higher education institution recognized by the Ministry of Education of Malaysia with higher education qualifications and degree awarding qualifications, and it is included in the white list of education-related foreign supervision of the Ministry of Education of the PRC, and has met the requirements for mutual recognition of Chinese and Malaysian education. The Target Group owns and operates one university and five colleges in Malaysia, including:

1. INTI International University;
2. INTI College Nilai;
3. INTI College Sabah;
4. INTI International College Kuala Lumpur;
5. INTI International College Subang; and
6. INTI International College Penang.

The organization chart of the Target Group is set out below:



The students of INTI comes from 90 countries and territories around the world, therefore INTI has a rich shade of international colour, providing the environment for exchange and learning among students from countries with different cultural backgrounds. INTI cooperates with many renowned universities in countries such as Britain, United States, Australia and New Zealand to offer various kinds of latest international courses and international linked programs at certificate, diploma, bachelor's degree and master's degree levels. All courses and programs are verified and certified by the relevant renowned universities in countries such as Britain, United States, Australia and New Zealand. Students may choose to enrol 3+0 courses according to individual conditions, that means, by completing all courses at INTI set by the partnering international universities for their bachelor degree programmes and sitting for the examination of overseas cooperating university for bachelor's degree. Moreover, students may also choose 2+1 or 1+2 international linked programs, that means, by studying some courses at INTI to obtain some credits, then continue studying at the partner university of INTI in Britain, United States, Australia and New Zealand for the remaining credits, and sit for the bachelor's degree examination of that university. INTI has formed good strategic partnership relationship with several hundred of international renowned universities and colleges around the world. The Target Group has comprehensive professional organization and strong teaching resources. The credits of professional programs and courses organized by INTI receive high recognition internationally, with mutual recognition of credits between many international renowned universities and INTI.

In addition, INTI International University of Malaysia and the Chinese Institute of International Education also entered into a comprehensive international relationship and cooperation since the beginning of 2018, and has various cooperation through initiatives such as visits to international schools, teacher training and studies and GESC global student exchange program.

2. Financial Analysis

The following table sets forth the consolidated results of the Target Group for each of the three years ended 31 December 2017, 2018 and 2019, which are extracted from, and should be read together with, the financial information prepared in accordance with the basis of preparation and presentation as set out in the Accountant's Report of the Target Group in Appendix II of this Circular.

Revenue

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Tuition fees	462,793.74	467,461.39	449,604.08
Sales of materials	1,432.86	1,239.14	1,063.79
Leasing income	23,361.63	18,926.11	15,212.03
Others[1]	14,575.76	13,939.49	14,525.66
Total	502,163.99	501,566.13	480,405.56

1 Others include various kinds of income such as handling fees for international students, commissions, rentals of graduation gowns, and printing and photocopy fees.

The revenue of the Target Group for the latest three years remained basically stable, there were some slight fluctuations in 2019 as compared to 2018, which were still within the scope of normal income fluctuations, no material changes in operation policy and operating environment affecting the revenue of the Target Group had occurred.

Costs and Expenses

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Wages and salaries	206,904.65	214,984.11	223,908.59
Depreciation and amortization	26,309.18	26,335.90	33,400.00
Advertising and marketing costs	38,440.06	43,922.67	43,779.05
Maintenance and utilities	38,518.55	44,094.68	38,049.28
Leasing expenses	7,785.54	7,032.37	–
Management fees	25,843.25	7,408.12	–
Network and royalty expenses	21,334.25	21,880.34	19,949.82
Legal and professional expenses	5,499.31	4,465.58	4,625.90
Travelling expenses	5,963.57	4,953.22	4,949.88
Other operating costs	90,759.49	73,251.21	64,066.21
Total	467,357.85	448,328.20	432,728.73

The total amount of costs and expenses of the Target Group for the latest three years was decreasing year by year, the reason for the decrease was mainly due to the strengthened capabilities in operation and management.

Finance Costs

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses of interest-bearing bank loan	1,716.76	788.24	606.21

The interest expenses of interest-bearing bank loan of the Target Group was decreasing gradually during the three years, which was mainly due to the gradual reduction in the size of interest-bearing bank loan.

Net Profit

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Net profit	23,326.56	35,051.63	33,351.57

The net profit of the Target Group for 2018 increased significantly as compared to 2017, and the change in 2019 as compared to 2018 was relatively stable. This shows that the strengthening in management capability of the Target Group has a clear enhancement impact on profit, it is believed that after the acquisition of the Target Group by the Company, the profit level will increase further.

Capital Commitments

For the year ended 31 December 2019, other than as set out in the Accountants' Report of the Target Group in Appendix II of this Circular, the Target Group did not have any significant capital commitments authorized but not contracted for.

Liquidity

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank deposits	47,863.87	80,833.01	93,687.00

The balance of cash and bank deposits of the Target Group for the latest three years increased gradually year by year, indicating an improved liquidity in the Target Group. These cash and bank deposits are denominated in MYR.

Borrowings

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	16,920.44	13,358.33	9,796.22
Finance leases	133.60	3,236.46	–
	17,054.04	16,594.79	9,796.22

The balance of bank loans of the Target Group for the latest three years was decreasing year by year, the Target Group's borrowings were interest-bearing at an effective interest rate from 5.4% to 13.5%. The objective of the Target Group was to maintain a balance between continuous supply of funds and flexibility by using cash flows generated internally from operations and other borrowings, which are drawn down at a mix of fixed and floating interest rates. As at 31 December 2017, 2018 and 2019, the Target Group's borrowings comprised predominantly a term loan which carries floating interest rate. The term loan is denominated in MYR, which is the functional currency of the entities within the Target Group. The Target Group does not have any material exposure to currency and interest rate risk and does not use any derivative financial instruments to hedge against these risks. The Target Group reviewed the conditions of principal funds from time to time to ensure that sufficient financial resources were available to meet financial obligations.

As at 31 December 2017, 2018 and 2019, the Target Group's term loan is secured by way of a fixed charge over certain leasehold land and buildings of a subsidiary with a carrying amount of RMB40,845,000, RMB39,826,000 and RMB38,814,000 respectively, a corporate guarantee from INTI Universal Holdings Sdn. Bhd., and a deposit with the bank of RMB1,162,320.

Gearing Ratio

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Gearing ratio*	64.69%	44.20%	50.39%

* Gearing ratio is computed as total debt (excluding non-financial liabilities) divided by total equity

The overall gearing ratio of the Target Group for the latest three years was decreasing, the slight increase in 2019 as compared to 2018 was mainly due to a change in the accounting standard for leasing under the International Financial Reporting Standards but not due to an increase in the liabilities of the Target Group. After the acquisition of the Target Group by the Company, the amount of borrowings of the Target Group due to related parties will decrease, and in turn, the gearing ratio will be further reduced.

Contingent Liabilities

As of 31 December 2019, the Target Group did not have any material contingent liabilities, guarantees or there was not any material litigations or claims pending or threatened against any member of the Target Group.

3. Risk Analysis

The Acquisition is still pending for the MOE to grant all necessary approvals in respect of the transfer of ownership from the Vendor to the Purchaser and the change of directors. After completion of the relevant review and approval procedures, the Target Group will become one of the Group's members and its financial results will be consolidated into the accounts of the Group.

4. Material Acquisition and Disposal

For the financial years ended 31 December 2017, 2018 and 2019, the Target Group did not conduct any material acquisition or disposal of subsidiaries.

5. Employee and Remuneration Policy

As at 31 December 2019, the Target Group had 1,338 full-time employees.

The Target Group recruits, employs and promotes its employees and makes remuneration payments to them in accordance with the employees' qualifications, experience, skills, performance and contributions. In order to nurture motivated and skilled working teams, the Target Group provides employees with on-the-job training and market competitive remuneration, including salaries and discretionary bonus.

6. Future Prospects

The Group adheres to its philosophy of providing education to enhance academic qualifications and improve employment, and determines to become a world leading private higher education service provider. Therefore, going out from China to become a world class education group has always been the vision of the Group and is in line with the long-term strategy of the Company. Since the establishment of its first college in 2009, Hope Education now owns 14 higher education colleges in the PRC with over 147,000 students, and has realized the vision of going from Sichuan to all parts of China. This time, the Group has captured a market opportunity to realize the vision of providing overseas education in a low valuation, low entry barrier, low cost and high efficiency manner. The Acquisition, on one hand, will continue to expand the financial results of the Company and further enhance the value of equity interest, and on the other hand, it will make preparation in advance for future export of students inside and outside the system and globally to enhance their academic qualifications, while extending the students' lifecycle in the Hope Education system, and in turn, improving the Company's rate of return on capital.

Malaysia is an ideal first station overseas. The Malaysian region and China are interdependent, with similar sources of culture, it is located in the core region of the Belt and Road initiative and has closely inseparable strategic cooperation relationship with China. From the political perspective, both China and Malaysia have political appeals in common; from the

policy support perspective, Malaysia has always been a country that places high importance on education, its education expenditure/GDP ratio is always higher than 5%, much more than the ratio of 4% in China. Meanwhile, private higher education has a huge local base of local demand, the sources of students in the private sector have already surpassed the sources of students in the public sector. And INTI is a good overseas target due to INTI's relatively large scale, high academic standard and good reputation in Malaysia, and it is a private international higher education institution supported by the Malaysian government, with more than 16,500 students. At the same time, the university and colleges under the INTI system are recognized by the Ministry of Education of the PRC as higher education institutes with qualifications of higher education and degree awarding qualifications.

Whether analysing from the current status (mode of education, quality of education) or from the future perspective (upgraded management, interactive sources), the acquisition of INTI is a strategic move conducive to medium and long term development of the Group and beneficial to continuous enhancement in shareholders' equity in the long run.

With an established footprint of six campuses across Malaysia, and a more than 30-year operating track record, INTI is one of Malaysia's most prestigious, for-profit, tertiary institutions. INTI offers students an array of high-quality tertiary qualifications under its own undergraduate, diploma, pre-university and postgraduate courses. Based on INTI's curriculum design, the Group does not intend to bring any new products and services at this stage.

The average utilization rate of INTI is around 75%. The Board does not expect any heavy investment within 2 years. In the future, the expansion plan of the Target Group may be different from our existing expansion model in China, because the Group may take light assets expansion model to lease campus and hostel to operate in Malaysia, and will make full use of the Target Group's own cash flow to support the future expansion plan.

The Target Group does not have any active overseas operations.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

29 April 2020

The Board of Directors
HOPE EDUCATION GROUP CO., LTD.
40th Floor, Sunlight Tower,
No. 248 Queen's Road East
Wanchai,
Hong Kong

Dear Sirs,

In accordance with the instructions received from Hope Education Group Co., Ltd. (the "Company"), we have undertaken a valuation exercise which requires Jones Lang LaSalle Corporate Appraisal and Advisory Limited to express an independent opinion on the market value of 100 per cent equity interest in INTI Education Holdings Sdn. Bhd (the "Target Company") as at 31 December 2019 (the "Valuation Date").

The purpose of this valuation is for the Company's internal reference and for inclusion in its circular.

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

INTRODUCTION

INTI Education Holdings Sdn. Bhd. and its subsidiaries are principally engaged in the operation of one university and five colleges in Malaysia including, INTI International University Nilai, INTI College Nilai, INTI International College Subang, INTI International College Penang, INTI College Sabah and INTI International College Kuala Lumpur.

The Target Company's revenue was MYR300,697,000, MYR300,339,000 and MYR287,668,000 in 2017, 2018 and 2019 respectively. The decrease in revenue was mainly due to the reduction in rental of hostels and facilities. On the other hand, the EBITDA margin of the Target Company has increased gradually from 12.2% to 17.1%, as the Target Company has benefitted from Malaysia's change from Goods and Services Tax consumption tax to Sales and Service Tax on from 1 September 2018, and due to the adoption of IFRS 16 on 1 January 2019. EBITDA has improved year by year from MYR36,804,000 in 2017, MYR48,183,000 in 2018 and MYR49,202,000 in 2019.

In addition, as advised by the Company, the Target Company shall not be required to incur the network and royalty fees (amounted to MYR12,775,000 in 2017, MYR13,102,000 in 2018 and MYR11,946,000 in 2019 respectively) after the completion of the proposed transaction. Accordingly, we have excluded the expense item and adjusted the EBITDA. The adjusted EBITDA (the "Adjusted EBITDA") shall be MYR61,148,000 for the year ended 31 December 2019.

Calculation of Adjusted EBITDA

Amounts in MYR'000

	Years ended 31 December		
	2017	**2018**	**2019**
Operating Profit	21,050	32,413	29,202
Add: Depreciation and amortization	15,754	15,770	20,000
EBITDA	36,804	48,183	49,202
Add: Network and royalty fees	12,775	13,102	11,946
Adjusted EBITDA	49,579	61,285	61,148

VALUATION METHODOLOGY

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Company but such information is not available to us.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public companies method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In this valuation exercise, the market value of the 100% equity interest of the Target Company was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple. In this Valuation, we have considered the following commonly used benchmark multiples:

- Price to earnings ratio ("P/E") is not adopted as the differences in balance sheet positions cannot be fully incorporated into a P/E analysis. In particular, it is noted that the Target Company has the higher cash position than all the comparable companies. The P/E multiple may not be able to reflect the differences fully so using the P/E multiple may be undervaluing the Target Company from this perspective.

- Price to book ratio ("P/B") is not adopted as P/B multiple is common for asset intensive industries which is not the case for the Target Company.

- Price to sales ratio ("P/S") is not adopted as P/S is commonly used in the valuation of early-stage companies but the Target Company has a long operating history and a stable profit track record.

- It is considered that the suitable multiple in this valuation is the Enterprise Value to EBITDA ratio ("EV/EBITDA"), as EV/EBITDA can incorporate the differences in balance sheet positions between the Target Company and the comparable companies. In this Valuation, EV/EBITDA is calculated as enterprise value as at the Valuation Date divided by the EBITDA over the last twelve months from the Valuation Date, in order to reflect the Target Company's latest financial performance.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic conditions of the Target Company and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

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

- The economic outlook in general;

- The nature of business and history of the operation concerned;

- The financial condition and performance of the Target Company;

- Market-driven investment returns of companies engaged in similar lines of business;

- Financial and business risk of the business including continuity of income and the projected future results;

- Consideration and analysis on the micro and macro economy affecting the subject business; and

- Assessment of the liquidity of the subject business.

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

VALUATION ASSUMPTIONS

In determining the market value of the equity interest in the Target Company, we make the following key assumptions:

- Following our discussion with the management of the Company, a period of twelve months ended 31 December 2019 is adopted as the fiscal year (the "Fiscal Year") of the Target Company. The Adjusted EBITDA of the Target Company for the Fiscal Year is estimated at about MYR61,148,000;

- In order to realize the growth potential of the business and maintain a competitive edge, additional manpower, equipment and facilities are necessary to be employed. For this valuation exercise, we have assumed that the facilities and systems proposed are sufficient for future expansion;

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;

- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- We have assumed the accuracy of the financial and operational information provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value; and

- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

MARKET MULTIPLE

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

1. The companies derive most, if not all, of their revenues from the same industry of the Target Company, i.e., provision of educational services in Malaysia;

2. The comparable companies are searchable in Bloomberg;

3. The comparable companies are publicly listed; and

4. Sufficient data, including the EV/EBITDA ratios as at the Valuation Date, of the companies are available.

As sourced from Bloomberg, the details of the comparable companies satisfying the above criteria are listed below:

Bloomberg Ticker	Company Name	Company Description	Market Cap *(MYR'Million)*	EV/ EBITDA Ratio
SYS MK Equity	SEG International Bhd	SEG International Berhad is an investment holding company. The Company through its subsidiaries, provides professional, commercial, and academic educational institution, operates commercial colleges, and provides education facilities, training centers, and job placement consultancy services.	786.46	12.73
8105 HK Equity	Kingsley Edugroup Ltd	Kingsley EduGroup Limited is a Malaysia-based company, which provides education services in Subang Jaya, Selangor, Malaysia. The Company principally offers courses ranging from nursery to A-levels courses and tertiary education programs through its Kingsley Tertiary Institutions.	226.86	47.37
MIGB MK Equity	Minda Global Bhd	Minda Global Berhad is a Malaysia based company primarily engaged as a provider of educational services. The Company operates private universities in Kuala Lumpur, Johor Bharu, Kuching, Kota Kinabalu and Kota Bharu.	74.39	13.21

Notes:

1. 8105 HK Equity is excluded from the calculation of weighted average of EV/EBITDA Adjusted ratio as an outlier.

2. We considered that the size of the Target Company is similar to those of the comparable companies and therefore, no adjustment to the EV/EBITDA ratios has been made.

ADDITIONAL CONSIDERATION

Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have assessed the DLOM of this interest using a put option method. The concept is that when comparing a public share and a private share, the holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. As the time to a liquidity event becomes shorter, the degree of the DLOM becomes smaller.

We have adopted Black Scholes Option Pricing Model with the following parameters to estimate the DLOM.

Parameter	**Input**	**Source**	**Remark**
Option Type	European Put	Not Applicable	Assumed
Spot Price (MYR)	1.00	Not Applicable	Assumed
Exercise Price (MYR)	1.00	Not Applicable	Assumed
Risk Free Rate (%)	2.89	Bloomberg L.P.	Malaysia Sovereign Curve
Maturity Period (year)	1	Not Applicable	Assumed
Volatility (%)	64.86	Bloomberg L.P.	Historical volatility of comparable companies
Implied DLOM (%)	**23.67**	**Not Applicable**	**Calculated**

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. We have also taken into account the DLOM.

The calculation of the market value of 100 per cent equity interest of the Target Company as at the Valuation Date is as follows:

Amounts in MYR'000 unless otherwise stated

Parameter	Input
Weighted average EV/EBITDA ratio of the Comparable Companies (times)	12.77
Adjusted EBITDA of the Target Company for the Fiscal Year	61,148
Enterprise Value of the Target Company as at the Valuation Date	780,725
Add: Net cash of the Target Company as at the Valuation Date	50,234
Less: Lease Liabilities of the Target Company as at the Valuation Date	31,091
Equity Value of the Target Company as at the Valuation Date	799,868
DLOM (%)	23.67
Equity Value of the Target Company after DLOM	610,565
Market value of 100% equity interest of the Target Company (USD'000)*	149,000

* Exchange rate applied was USD1:MYR4.091

VALUATION COMMENT

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

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

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

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that:

The market value of 100% equity interest in the Target Company as at the Valuation Date is reasonably stated at the amount of **USD**149,000,000.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle
Corporate Appraisal and Advisory Limited

Simon M.K. Chan
Executive Director

Note: Simon M.K. Chan is a Chartered Valuer and Appraiser, and a fellow member of Hong Kong Institute of Certified Public Accountants (HKICPA), CPA Australia as well as the Royal Institution of Chartered Surveyors (RICS). Simon has extensive experience in valuation and corporate advisory business, providing a wide range of valuation and advisory services to numerous listed and private companies in different industries, including education-related companies, in Asia Pacific region for over 20 years.

Commentary on the Impact of COVID-19 on the Valuation

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that since the Valuation Date, the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial assumptions, which were prepared in our Valuation without the assumptions of a pandemic, not being achieved. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

LIMITING CONDITIONS

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

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

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

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

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

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

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

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

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. We shall not under any circumstances whatsoever be liable to any third party.

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

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

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

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

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

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

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 29 February 2020 of the property interests to be acquired by the Group.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

29 April 2020

The Board of Directors
HOPE EDUCATION GROUP CO., LTD.
40th Floor, Sunlight Tower,
No. 248 Queen's Road East, Wan Chai,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be acquired by Hope Education Group Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 29 February 2020 (the "**valuation date**").

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

Due to the nature of the property Nos. 2, 3, 4 and 9, the property interest of the building portion has been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interests are subject to adequate potential profitability of the concerned business.

For property Nos. 1, 5, 6, 7, 8 and 10, we have valued the property interests by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including land title document, certificates of fitness for occupation (now known as certificates of completion and compliance) and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's legal advisers, "JAYASURIYA KAH & CO." and "RAHMAT LIM & PARTNERS", concerning the validity of the property interests in the Malaysia.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 10 February 2020, 11 February 2020, 13 February 2020 and 14 February 2019 by Ms. Elly Sham Suriani Binti Che Dahlan and Mr. Vincent Pang Jia Jiun. Ms. Elly Sham Suriani Binti Che Dahlan has more than 9 years' experience in the valuation of properties in the Aisa-Pascific region. Mr. Vincent Pang Jia Jiun has more than 1 year's experience in the valuation of properties in the Aisa-Pascific region.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Malaysia Ringgit (MYR). The exchange rate adopted in our valuation is approximately MYR1 = HKD1.85 which was approximately the prevailing exchange rate as at the valuation date.

Our valuation is summarised below and the valuation certificates are attached.

Remarks

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of COVID-19 has caused much disruption to economic activities around the world. This disruption has increased the risk towards the achievability of the rental/income projections/assumptions. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the report date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result it causes volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property. Readers are reminded that we do not intend to provide an opinion of value as of any date after the valuation date in this report.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C. H. Chan
MRICS MHKIS RPS (GP)
Senior Director

Note: Gilbert C.H. Chan is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and 26 years of property valuation experience in the Asia-Pacific region.

SUMMARY OF VALUES

Properties to be held for owner-occupied by the Group

No.	Property	Market value in existing state as at 29 February 2020
		MYR
1.	Lot No. 34942 located along Jalan BBN 12/1, Bandar Baru Nilai, Putra Nilai, 78100 Nilai, Negeri Sembilan Darul Khusus, Malyasia (INTI NILAI)	23,660,000
2.	Lot No. 30631 INTI International University, Jalan BBN 12/1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia (INTI NILAI)	109,200,000
3.	Lot No. 30632 INTI International Campus and College, Jalan BBN 12/1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia (INTI NILAI)	118,800,000
4.	Lot 17541 No. 3, Jalan SS 15/8, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	91,600,000
5.	Six (6) units of four storey terrace shop/offices located along Jalan SS 15/8A, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	20,600,000
6.	Unit Nos. 206X, 123D, 133F and 143H, "My Place Apartment", Jalan SS 15/8, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	2,256,000

No.	Property	Market value in existing state as at 29 February 2020 *MYR*
7.	Lot Nos. 17, 18, 19 & 20, Putatan Point, Jalan Putat, off Jalan J.K.R Putatan, Putatan, Kota Kinabalu, Sabah, Malaysia known as INTI International College Sabah (INTI KOTA KINABALU)	5,480,000
8.	Twelve (12) units of apartments within Seri Puteri Putatan Apartment, Jalan Putat, Off Jalan J.K.R. Putatan, 88200 Putatan, Kota Kinabalu, Sabah, Malaysia (INTI KOTA KINABALU)	4,803,000
9.	Lot No. 11517 Premises No. 1-Z, Lebuh Bukit Jambul, Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang, Malaysia (INTI PULAU PINANG)	35,580,000
10.	Unit No. 29-03-03, Parkview Towers, Bukit Jambul Indah, Tingkat Bukit Jambul 1, 11900 Bayan Lepas, Pulau Pinang, Malaysia (INTI PULAU PINANG)	410,000
	Grand-total:	**412,389,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
1.	Lot No. 34942 located along Jalan BBN 12/1, Bandar Baru Nilai, Putra Nilai, 78100 Nilai, Negeri Sembilan Darul Khusus, Malyasia (INTI NILAI)	The property comprises a parcel of residential land identified as Lot No. 34942 (formerly known as PT21841) held under title no GRN 210661 (formerly known as HSD 151676), Bandar Nilai Utama, District of Seremban and State of Negeri Sembilan located along Jalan BBN 12/1, Bandar Baru Nilai, Putra Nilai, 78100 Nilai, Negeri Sembilan Darul Khusus, Malaysia with a site area of approximately 109,900 sq.m. The site is regular in shape and flat in physical terrain and lies at the same level with the frontage road, Jalan BBN 12/1. The site was vacant and overgrown with oil palms, trees, shrubs and bushes at the time of our inspection. The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools. The property is held under freehold interest.	The site was vacant as at valuation date.	23,660,000 (equivalent to HKD43,771,000)

Notes:

1. According to a title search at the Registry Land Titles, Negeri Sembilan Darul Khusus, the regisetered owner of the Property is Erti Utama Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Negeri Sembilan Darul Khusus,, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent (*MYR*)	Site Area (*sq.m.*)
34942	GRN 210661	Erti Utama Sdn Bhd	Residential Building	42,861	109,900

3. The property is zoned for residential development.

4. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of Erti Utama Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

5. At the time of our inspection, the property was overgrown with oil palms, trees, shrubs and bushes and therefore we are unable to gain access to inspect the center part of the site. In our valuation, we have assumed the the site is unoccupied and without trespasser.

6. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of vacant site for residential use in the locality which have similar characteristics as the subject site such as nature, use, tenure and accessibility. The selected comparables are located in similar locality which were transacted between April 2018 and July 2018. The unit rate of these comparable ranges about MYR194 to MYR222 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable sites and the subject site to arrive unit rate of MYR215 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
2.	Lot No. 30631 INTI International University, Jalan BBN 12/1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia (INTI NILAI)	The property comprises a commercial land with a site area of approximately 121,500 sq.m. with buildings erected thereon. The buildings were completed in about 1999 and have been renovated in 2005. The buildings have a total gross floor area ("GFA") of approximately 44,382.80 sq.m. and the details are set out as follows: **Usage** / **Storey** / **Gross Floor Area *(sq.m.)*** Academic Block A, B, C, D and E — 2 to 4 — 33,329.82 Learning resouces centre — 4 — 10,371.88 Two Tenaga Nasional Berhad Substation — 1 — 622 Guard house I — 1 — 24.9 Guard house II — 1 — 24.9 Police beat — 1 — 9.3 **Total** — **44,382.80** The buildings mainly accommodate lecture rooms, lecture halls, school office, conference rooms, loboratories, education centres, tranining centres, meeting rooms and library. The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools. The property is held under freehold interest.	The property is occupied as campus of Nilai NITI Univerity as at the date of valaution.	109,200,000 (equivalent to HKD202,020,000)

Notes:

1. According to a title search at the Registry Land Titles, Negeri Sembilan Darul Khusus, the regisetered owner of the Property is INTI Assets Holdings Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Negeri Sembilan Darul Khusus,, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent *(MYR)*	Site Area *(sq.m.)*
30631	GRN 130849	INTI Assets Holdings Sdn Bhd	Commercial Building	44,940	121,500

3. Pursuant to the title search from the Registry Land Titles, Negeri Sembilan Darul Khusus, the whole land has been lease to Tenaga Natinal Berhad for 30 years commencing on 15 March 1999 and expiring on 14 March 2029, registered on 15 August 2000 vide Presentation No. 19370/2000.

4. The property is zoned for commercial development.

5. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI Assets Holdings Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. Save for the encumbrances that the land is subject to a lease as mentioned in note 3 above, the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

6. We were not provided with the approved building plans for the buildings of the subject property, in our valuation, we have assumed the buildings erected thereon have been approved by the relevant authorities and issued with a certificate of completion and compliance (CCC) or its equivalent.

7. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of vacant land for commercial use in the locality which have similar characteristics as the land portion of the subject property such as nature, use, tenure and accessibility. The selected comparables are located in similar locality which were transacted between August 2017 and September 2019. The unit rate of the land portion of these comparable ranges about MYR495 to MYR624 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the land portion of the subject property to arrive at our assumed unit rate of MYR431 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
3.	Lot No. 30632 INTI International Campus and College, Jalan BBN 12/1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia (INTI NILAI)	The property comprises a commercial land with a site area of approximately 101,200 sq.m. with buildings erected thereon. The development was completed in about 2002. The buildings have a total gross floor area ("GFA") of approximately 72,985.51 sq.m. and the details are set out as follows:	The property was occupied as Nilai NITI Campus and College as at the date of valaution.	118,800,000 (equivalent to HKD219,780,000)

Usage	Storey	Gross Floor Area *(sq.m.)*
16 nos. of hostel block	5	59,985.42
4 blocks of "Amenity Halls"	1	452
INTI College Nilai Building	1*	1,006.05
Service Building	3	4,300.76
Student Centre	3*	6,838.90
Swimming pool and building	1	150.09
Surau	1	243
Guard house	1	9.29
Total		**72,985.51**

** with a mezzanine floor*

The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools.

The property is held under freehold interest.

Notes:

1. According to a title search at the Registry Land Titles, Negeri Sembilan Darul Khusus, the regisetered owner of the Property is INTI Assets Management Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Negeri Sembilan Darul Khusus, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent *(MYR)*	Site Area *(sq.m.)*
30632	GRN 130850	INTI Asset Management Sdn Bhd	Commercial Building	37,433	101,200

3. Pursuant to the title search from the Registry Land Titles, Negeri Sembilan Darul Khusus, the whole land has been lease to Tenaga Natinal Berhad for 30 years commencing on 15 March 1999 and expiring on 14 March 2029, registered on 15 August 2000 vide Presentation No. 19371/2000.

4. The property is zoned for commercial development.

5. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI Asset Management Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. Save for the encumbrances that the land is subject to a lease as mentioned in note 3 above, the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

6. We were not provided with the approved building plans for the buildings of the subject property, in our valuation, we have assumed the buildings erected thereon have been approved by the relevant authorities and issued with a certificate of completion and compliance (CCC) or its equivalent.

7. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of vacant land for commercial use in the locality which have similar characteristics as the land portion of the subject property such as nature, use, tenure and accessibility. The selected comparables are located in similar locality which were transacted between August 2017 and September 2019. The unit rate of the land portion of these comparable ranges about MYR495 to MYR624 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the land portion of the subject property to arrive at our assumed unit rate of MYR431 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
4.	Lot 17541 No. 3, Jalan SS 15/8, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	The property comprises a commercial land with a site area of approximately 9,536 sq.m. with buildings erected thereon. The buildings were completed in about 2008 and renovated in 2017. The buildings have a total gross floor area ("GFA") of approximately 19,562.71 sq.m. and the details are set out as follows:	The property is occupied as a private college known as "INTI College Subang Jaya" at the date of valaution.	91,600,000 (equivalent to HKD169,460,000)

Usage	Storey	Gross Floor Area *(sq.m.)*
Block A	10*	15,370.17
Block B	3	2,041.92
Block C	3	2,119.96
Guard House I	1	19.51
Guard House II	1	11.15
Total		**19,562.71**

** with a mezzanine floor*

Block A maily accommodates classrooms, laboratories and lecture halls whlist Block B and C accommodates gallery, study areas, auditorium, loaboratories and studio.

The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools.

The property is held under freehold interest.

Notes:

1. According to a title search at the Registry Land Titles, Selangor Darul Ehsan, the regisetered owner of the Property is INTI Higher Learning Centre Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Selangor Darul Ehsan, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent *(MYR)*	Site Area *(sq.m.)*
17541	GRN 32961	INTI Higher Learning Centre Sdn Bhd	Commercial Building	31,535	9,536

3. The property is zoned for commercial development.

4. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly registered under the name of INTI Higher Learning Centre Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

5. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of vacant land for commercial use in the locality which have similar characteristics as the land portion of the subject property such as nature, use, tenure and accessibility. The selected comparables are located in similar locality which were transacted between November 2018 and May 2019. The unit rate of the land portion of these comparable ranges about MYR6,458 to MYR8,068 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the land portion of the subject property to arrive at our assumed unit rate of MYR6,458 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
5.	Six (6) units of four storey terrace shop/offices located along Jalan SS 15/8A, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	The property comprises 6 parcels of commercial land with 4-storey terrace shop/offices erected thereabove. The buildings were completed in about 2004. Site area of the 6 parcel commercial land and Gross Floor Area is as follows: **Lot No. / Unit No. / Site Area *(sq.m.)*** 8237 / 29 / 163 8238 / 31 / 163 8239 / 33 / 163 8256 / 67 / 163 9616 / 69 / 163 9617 / 71 / 163 **Total / 978** The buildings have a total gross floor area ("GFA") of approximately 3,837.84 sq.m. and the details are set out as follows: **Lot No. / Storey / Gross Floor Area *(sq.m.)*** 8237 / 4 / 639.64 8238 / 4 / 639.64 8239 / 4 / 639.64 8256 / 4 / 639.64 9616 / 4 / 639.64 9617 / 4 / 639.64 **Total / 3,837.84** The buildings mainly accommodate offices, lecture rooms, workshops, laboratories and studios. The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools. The property is held under freehold interest.	The property is occupied as as a private college known as "INTI College Subang Jaya"as at the date of valaution.	20,600,000 (equivalent to HKD38,110,000)

Notes:

1. According to a title search at the Registry Land Titles, Selangor Darul Ehsan, the regisetered owner of the Property is INTI Higher Learning Centre Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Selangor Darul Ehsan, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent *(MYR)*	Site Area *(sq.m.)*
8237	GRN 298805	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163
8238	GRN 298361	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163
8239	GRN 298362	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163
8256	GRN 298365	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163
9616	GRN 298366	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163
9617	GRN 298367	INTI Higher Learning Centre Sdn Bhd	Commercial	514	163

3. The property is zoned for commercial development.

4. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI Higher Learning Centre Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

5. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of terrace shop/office in the locality which have similar characteristics as the subject property such as use, size and accessibility. The selected comparables are located in similar locality which were transacted between November 2017 and August 2019. The unit rate of these comparable ranges about MYR5,410 to MYR7,158 per sq.m. on GFA basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our estimated unit rate of MYR5,368 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
6.	Unit Nos. 206X, 123D, 133F and 143H, "My Place Apartment", Jalan SS 15/8, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia (INTI SUBANG)	The property comprises 4 apartment units of "My Place Apartment", Jalan SS 15/8, SS 15, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia. The building was completed in about 2014. Gross Floor Area ("GFA") of the units are as follows: **Unit / Floor / Gross Floor Area *(sq.m.)*** 206X / Ground / 91 123D / 5 / 93 133F / 5 / 93 143H / 5 / 93 **Total / 370** The locality is a mixed development area including individually designed detached industrial buildings, terraces factories, double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing offices, hotels and international schools. The property is held under freehold interest.	The property is occupied as hostel of INTI International College as at the date of valaution.	2,256,000 (equivalent to HKD4,173,600)

Notes:

1. According to a title search at the Registry Land Titles, Selangor Darul Ehsan, the regisetered owner of the Property is INTI Higher Learning Centre Sdn Bhd.

2. Pursuant to the title search from the Registry Land Titles, Selangor Darul Ehsan, the title particular of the property is as follows:-

Strata No.	Registered Owner	Land Use
Geran 41100/M3/1/165	INTI Higher Learning Centre Sdn Bhd	Apartment
Geran 41100/M1/5/22	INTI Higher Learning Centre Sdn Bhd	Apartment
Geran 41100/M2/5/48	INTI Higher Learning Centre Sdn Bhd	Apartment
Geran 41100/M2/5/50	INTI Higher Learning Centre Sdn Bhd	Apartment

3. The property is zoned for residential development.

4. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI Higher Learning Centre Sdn Bhd;

   b. there is no restriction in interest;

   c. the land is held under a freehold title; and

   d. the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

5. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of apartments in the locality which have similar characteristics as the subject property such as use, size and accessibility. The selected comparables are located in similar locality which were transacted between August 2019 and October 2019. The unit rate of these comparable ranges about MYR4,231 to MYR6,044 per sq.m. on GFA basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of MYR6,097 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
7.	Lot Nos. 17, 18, 19 & 20, Putatan Point, Jalan Putat, off Jalan J.K.R Putatan, Putatan, Kota Kinabalu, Sabah, Malaysia known as INTI International College Sabah (INTI KOTA KINABALU)	The property comprises Lot Nos 17, 18, 19 & 20, Putatan Point, Jalan Putat, off Jalan J.K.R Putatan, Putatan, Kota Kinabalu, Sabah, Malaysia known as INTI International College Penang. A terraced shop/office building which completed in about 1998 is erected thereobove with Gross Floor Area ("GFA") are as follows: **Lot No. / Storey / Gross Floor Area *(sq.m.)*** 17 / 4 / 445.90 18 / 4 / 445.90 19 / 4 / 445.90 20 / 4 / 445.90 **Total / 1,783.60** Properties within the immediate vicinity of the Subject Properties are mixed development in character, including double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double storey terrace houses as well as commercial free standing buildings, offices, hotels and hypermarkets. The property is held under leasehold interest for a term of 999 years expiring on 31/12/2907.	The property is occupied as private college known as INTI College Sabah as at the date of valaution.	5,480,000 (equivalent to HKD10,138,000)

Notes:

1. The property have not yet been issued with separate individual land titles. According to four (4) Sale and Purchase Agreements all dated 25 November 1995, legal particular of the property is as follows:

Master Title No.	Owner
Country Lease No. 215312520 & Country Lease No. 215312511	INTI Kinabalu Sdn Bhd

2. The property is zoned for commercial development.

3. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the subdivided or subsidiary titles in respect of the property has not been issued by the relevant authority as of to date and that the property is currently held under master titles no. Country Lease 265358941 situated in the District of Putatan, Sabah;

b. based on the sale and purchase agreements in respect of the property, INTI Kinabalu Sdn Bhd is the first-orignal purchaser of the property from the developer, Tarlia Enterprises Sdn. Bhd. (Registration No. 198201001879 (81625-V)), INTI Kinabalu Sdn Bhd should have the custody of all original sale and purchase agreements in respect of the property. In the absence of the registered title to the property, the original sale and purchase agreements would serve as the legal basis for INTI Kinabalu Sdn Bhd to assert its ownership ans title thereof;

c. INTI Kinabalu Sdn Bhd is the benefical owner of the property; and

d. the owner is entitled to occupy, use, lease, assign, charge and otherwise dispose of the property.

4. Our valuation has been made on the following basis and analysis:

a. We have identified and analyzed various relevant sales evidences of terrace shop/office in the locality which have similar characteristics as the subject property such as use, size and accessibility. The selected comparables are located in similar locality which were transacted between December 2018 and June 2019. The unit rate of these comparable ranges about MYR2,962 to MYR4,307 per sq.m. on GFA basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of MYR3,072per sq.m.

VALUATION CERTIFICATE

<table>
<tr><th>No.</th><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 29 February 2020
MYR</th></tr>
<tr><td>8.</td><td>Twelve (12) units of apartments within Seri Puteri Putatan Apartment, Jalan Putat, Off Jalan J.K.R. Putatan, 88200 Putatan, Kota Kinabalu, Sabah, Malaysia (INTI KOTA KINABALU)</td><td>The property comprises twelve (12) units of apartments within Seri Puteri Putatan Apartment, Jalan Putat, Off Jalan J.K.R. Putatan, 88200 Putatan, Kota Kinabalu, Sabah, Malaysia. The building was completed in about 1998.

Gross Floor Area (“GFA”) of the twelve apartment units are as follows:

<table>
<tr><th>Unit</th><th>Level</th><th>Gross Floor Area
(sq.m.)</th></tr>
<tr><td>01-01</td><td>G</td><td>107.32</td></tr>
<tr><td>02-01</td><td>1</td><td>107.32</td></tr>
<tr><td>03-01</td><td>2</td><td>107.32</td></tr>
<tr><td>04-01</td><td>3</td><td>107.32</td></tr>
<tr><td>01-02</td><td>G</td><td>114.42</td></tr>
<tr><td>02-02</td><td>1</td><td>114.42</td></tr>
<tr><td>03-02</td><td>2</td><td>114.42</td></tr>
<tr><td>04-02</td><td>3</td><td>114.42</td></tr>
<tr><td>01-03</td><td>G</td><td>116.1</td></tr>
<tr><td>02-03</td><td>1</td><td>116.1</td></tr>
<tr><td>03-03</td><td>2</td><td>116.1</td></tr>
<tr><td>04-03</td><td>3</td><td>116.1</td></tr>
<tr><td>Total</td><td></td><td>1,351.36</td></tr>
</table>

The building mainly accommodates reception area, various school office, classrooms, restaurant, meeting rooms of INTI College Sabah.

Properties within the immediate vicinity are mixed development in character, including double to four (4) storey terrace shop/offices, stratified residential buildings, detached houses, double storey terrace houses as well as commercial free standing buildings, offices, hotels and hypermarkets

The property is held under leasehold interest for a term of 999 years expiring on 31/12/2907.</td><td>The property is occupied as private college known as INTI College Sabah as at the date of valaution.</td><td>4,803,000 (equivalent to HKD8,885,550)</td></tr>
</table>

Notes:

1. The Subject Properties have not yet been issued with separate individual land titles. According to a Sale and Purchase Agreements dated 2 June 2003, legal particular of the property is as follows:

Master Title No.	Owner
Country Lease No. 215358937	INTI Kinabalu Sdn Bhd

2. The property is zoned for commercial development.

3. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the subdivided or subsidiary titles in respect of the property has not been issued by the relevant authority as of to date and that the property is currently held under master titles no. Country Lease 265358932 situated in the District of Putatan, Sabah;

   b. based on the sale and purchase agreements in respect of the property, INTI Kinabalu Sdn Bhd is the first-orignal purchaser of the property from the developer, Tarlia Enterprises Sdn. Bhd. (Registration No. 198201001879 (81625-V)), INTI Kinabalu Sdn Bhd should have the custody of all original sale and purchase agreements in respect of the property. In the absence of the registered title to the property, the original sale and purchase agreements would serve as the legal basis for INTI Kinabalu Sdn Bhd to assert its ownership ans title thereof;

   c. INTI Kinabalu Sdn Bhd is the benefical owner of the property; and

   d. the owner is entitled to occupy, use, lease, assign, charge and otherwise dispose of the property.

4. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of apartment units in the locality which have similar characteristics as the subject property such as use, size and accessibility. The selected comparables are located in similar locality which were transacted between August 2019 and October 2019. The unit rate of these comparable ranges about MYR3,146 to MYR3,399 per sq.m. on GFA basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of MYR3,554 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
9.	Lot No. 11517 Premises No. 1-Z, Lebuh Bukit Jambul, Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang, Malaysia (INTI PULAU PINANG)	The property comprises a commercial land with a site area of approximately 8,140 sq.m. with buildings erected thereon. The buildings were completed in about 2008. The buildings have a total gross floor area ("GFA") of approximately 15,049.04 sq.m. and the details are set out as follows: **Usage** / **Storey** / **Gross Floor Area *(sq.m.)*** Main Building with Basement — 6 — 14,987.00 Guard House — 1 — 15.68 Switch room — 1 — 18.91 Refuse Collection Centre — 1 — 27.45 **Total** — **15,049.04** The main building mainly accommodates music rooms, stores, restaurant, school office, hotel mock up area, studio, laboratories, library, lecture theatre. Properties within the immediate vicinity are mixed development in character including double to three (3) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as commercial free standing buildings, offices, hotels, university, a golf course and international schools. The property is held under leasehold interest for 99 years expiring on 13 on April 2092.	The property is occupied as private college known as INTI College Penang as at the date of valaution.	35,580,000 (equivalent to HKD65,823,000)

Notes:

1. According to a title search at the Registry Land Titles, Pejabat Pengarah Tanah & Galian Pulau Pinang, the registered owner of the property is INTI International College Penang Sdn. Bhd.

2. Pursuant to the title search from the Registry Land Titles, Pejabat Pengarah Tanah & Galian Pulau Pinang, the title particular of the property is as follows:-

Lot No.	Title No.	Registered Owner	Land Use	Annual Rent *(MYR)*
11517	PN 6836	INTI International College Penang Sdn. Bhd.	Centre of higher learning	880

3. According to a title search at the Registry Land Titles, Pejabat Pengarah Tanah & Galian Pulau Pinang, the the property is subject to charged to HSBC Amanah Malaysia Berhad vide Presentation No. 0799SC2012025941 registered on 19 July 2012.

4. The property is zoned for commercial development

5. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI International College Penang Sdn. Bhd.;

   b. the land held under Pajakan Negeri 6836, Lot No. 11517, Mukim 13, Daerah Timur Laut, Pulau Pinang is subject to restrictions on transfer, charge, sub-lease or disposal in whatsoever dealings unless the written consent of the relevant state authority has been abtained;

   c. the land is held under a leasehold interest expiring in 2092; and

   d. save for the encumbrances as mentioned in note 3 above and the restrictions as mentioned in note 5(b) above, the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

6. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of vacant land for commercial use in the locality which have similar characteristics as the land portion of the subject property such as nature, use, tenure and accessibility. The selected comparables are located in similar locality which were transacted between November 2015 and May 2017. The unit rate of the land portion of these comparable ranges about MYR1,292 to MYR2,207 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the land portion of the subject property to arrive at our assumed unit rate of 1,722 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *MYR*
10.	Unit No. 29-03-03, Parkview Towers, Bukit Jambul Indah, Tingkat Bukit Jambul 1, 11900 Bayan Lepas, Pulau Pinang, Malaysia (INTI PULAU PINANG)	The property comprises a apartment units of a 17-storey height building know as Parkview Towers, Bukit Jambul Indah, Tingkat Bukit Jambul 1, 11900 Bayan Lepas, Pulau Pinang, Malaysia. The building was completed in about 2000. Gross Floor Area ("GFA") of the unit is approximately 101 sq.m. Properties within the immediate vicinity are mixed development in character including double to three (3) storey terrace shop/offices, stratified residential buildings, detached houses, double to three (3) storey terrace houses as well as international schools. The property is held under leasehold interest for 99 years leasehold interest expiring on 11 February 2095.	The property is vacant as at the date of valaution.	410,000 (equivalent to HKD758,500)

Notes:

1. According to a title search at the Pulau Pinang Land Registry, the regisetered owner of the Property is INTI International College Penang Sdn. Bhd.

2. Pursuant to the title search from the Pulau Pinang Land Registry, the title particular of the property is as follows:-

Strata No.	Title No.	Land Use
Petak No. 285, Tingkat No. 3, Bangunan M3, Lot No. 9675	PN 2246/M3/3/285	Apartment

Remarks: The land hereby alienated shall not be subdivided, transferred, charged, rented or dealt with in any manner whatsoever without the written consent of the State Authority.

3. The property is zoned for residential development.

4. We have been provided with a legal opinion regarding the property interests by the Company's Malaysia legal advisers, which contains, inter alia, the following:

   a. the title of the property duly regirested under the name of INTI International College Penang Sdn. Bhd.;

   b. the land held under Pajakan Negeri 2246/M3/3/285, Lot No. 9675, Mukim 13, Daerah Timur Laut, Pulau Pinang is subject to restrictions on subdivision, transfer, charge, lease, sub-lease or disposal in whatsoever dealings unless the written consent of the relevant state authority has been obtained;

   c. the land is held under a leasehold interest expiring on 11 February 2095; and

d. save for the restrictions as mentioned in note 4(b) above, the owner is entitled to occupy, use, lease, transfer, charge and otherwise dispose of the property.

5. Our valuation has been made on the following basis and analysis:

a. We have identified and analyzed various relevant sales evidences of apartments in the locality which have similar characteristics as the subject property such as use, size and accessibility. The selected comparables are located in similar locality which were transacted between April 2019 and July 2019. The unit rate of these comparable ranges about MYR3,830 to MYR4,175 per sq.m. on GFA basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of MYR4,059 per sq.m.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the "**Model Code**") were as follows:

Name of Director	Position	Capacity in which interests are held	Number of Shares	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company[3]
Wang Huiwu (汪輝武)[1]	Executive Director	Interest in controlled corporation	4,140,948,240	Long Position	62.07%
Wang Degen (王德根)[2]	Non-executive Director	Interest of spouse	4,183,190,943	Long Position	62.70%

Notes:

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

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

(3) As at the Latest Practicable Date, the Company issued 6,671,668,000 shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive(s) of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders and other persons' interests

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Enlarged Group:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company[5]
Hope Education Investment Limited[1]	Beneficial interest	4,140,948,240	Long Position	62.07%
Maysunshine Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	62.07%
Tequ Group A Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	62.07%
Tequ Group (Hong Kong) Company Limited[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司)[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Sichuan Tequ Investment Group Ltd.[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company[5]
Chengdu West Hope Group Limited[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司)[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Zhang Qiang (張強)[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Chen Yuxin (陳育新)[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Zhao Guiqin (趙桂琴)[1]	Interest in controlled corporation	4,183,190,943	Long Position	62.70%
Pearl Glory Global Limited[2]	Beneficial Interest	183,394,354	Long Position	2.75%
CEL Maiming[2]	Interest in controlled corporation	413,809,100	Long Position	6.20%
CEL Huiling Investment (Shanghai) Co., Limited[2] (光控匯領投資(上海)有限公司) ("CEL Huiling")	Interest in controlled corporation	651,909,158	Long Position	9.77%
CEL Venture Capital (Shenzhen) Co., Limited[2] (光大控股創業投資(深圳)有限公司)	Interest in controlled corporation	651,909,158	Long Position	9.77%
China Everbright Limited[2][3][4]	Interest in controlled corporation	852,861,338	Long Position	12.78%
Honorich Holdings Limited[3]	Interest in controlled corporation	852,861,338	Long Position	12.78%
Datten Investments Limited[3]	Interest in controlled corporation	852,861,338	Long Position	12.78%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company[5]
China Everbright Holdings Co., Limited (中國光大集團有限公司) ("CE Hong Kong")[3]	Interest in controlled corporation	852,861,338	Long Position	12.78%
China Everbright Group Ltd. (中國光大集團股份公司)	Interest in controlled corporation	852,861,338	Long Position	12.78%
Central Huijin Investment Limited (中央匯金投資有限責任公司) ("Central Huijin")[3]	Interest in controlled corporation	852,861,338	Long Position	12.78%
Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥))[4]	Interest in controlled corporation	258,663,171	Long Position	3.88%
Shanghai CEL Jiaxin Equity Investment Management Co., Limited (上海光控嘉鑫股權投資管理有限公司)[4]	Interest in controlled corporation	413,809,100	Long Position	6.20%
Chongqing CEL Equity Investment Management Limited (重慶光控股權投資管理有限公司)[4]	Interest in controlled corporation	413,809,100	Long Position	6.20%
Yixing CEL[4]	Interest in controlled corporation	413,809,100	Long Position	6.20%
CEL Capital Prestige Asset Management Co., Ltd. (首譽光控資產管理有限公司)[4]	Interest in controlled corporation	258,663,171	Long Position	3.88%

Notes:

(1) Hope Education Investment Limited, a BVI company, is owned as to 49.00% by Maysunshine Limited, 34.385% by Tequ Group A Limited and 16.615% by Tequ Group Limited.

Maysunshine Limited is owned as to 96.00% by Wang Huiwu (汪輝武), 2.00% by Fu Wenge (付文革) and 2.00% by Wang Degen (王德根).

Tequ Group A Limited is a wholly-owned subsidiary of Tequ Group (Hong Kong) Company Limited. Tequ Group (Hong Kong) Company Limited is wholly owned by Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司). Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) is wholly owned by Sichuan Tequ Investment Group Ltd., which is in turn owned as to 55% by West Hope and 45% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司). Chengdu West Hope Group Limited is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owned as to 52.20% by Zhang Qiang (張強).

Thus, Maysunshine Limited, Wang Huiwu (汪輝武), Tequ Group A Limited, Tequ Group (Hong Kong) Company Limited are deemed to be interested in 4,140,948,240 Shares. Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Zhang Qiang (張強), Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are deemed to be interested in 4,183,190,943 Shares.

(2) Star Leap Limited, an investment holding company directly holding approximately 3.01% of the Company, is indirectly wholly-owned by China Everbright Limited.

Pearl Glory Global Limited, an investment holding company holding approximately 2.75% of the Company, is wholly-owned by CEL Maiming.

CEL Huiling is the general partner of CEL Maiming. Accordingly, each of CEL Maiming and CEL Huiling is deemed to be interested in the Shares held by Pearl Glory Global Limited under the SFO. CEL Huiling was wholly-owned by CEL Venture Capital (Shenzhen) Co., Limited (光大控股創業投資(深圳)有限公司), which was in turn wholly-owned by China Everbright Limited.

Glory Aurora Limited, an investment holding company directly holding approximately 3.57% of the Company, is wholly owned by Zhuhai Maiwen. The general partner of Zhuhai Maiwen is CEL Huiling, a wholly-owned subsidiary of CEL Venture Capital (Shenzhen) Co., Limited (光大控股創業投資(深圳)有限公司), which is in turn indirectly wholly-owned by China Everbright Limited.

Accordingly, each of CEL Huiling and CEL Venture Capital (Shenzhen) Co., Limited (光大控股創業投資(深圳)有限公司) is deemed to be interested in the Shares held by each of Pearl Glory Global Limited and Glory Aurora Limited, whereas China Everbright Limited is deemed to be interested in the Shares held by each of Star Leap Limited, Pearl Glory Global Limited and Glory Aurora Limited under the SFO.

(3) China Everbright Limited was owned as to approximately 49.386% by Honorich Holdings Limited and 0.358% by Everbright Investment & Management Limited (光大投資管理有限公司), respectively. Honorich Holdings Limited was wholly-owned by Datten Investments Limited, and each of Everbright Investment & Management Limited (光大投資管理有限公司) and Datten Investments Limited was in turn wholly-owned by CE Hong Kong, which was in turn wholly-owned by China Everbright Group. China Everbright Group was owned as to approximately 55.67% by Central Huijin and was indirectly wholly-owned by the State Council of the PRC.

Accordingly, each of China Everbright Limited, Honorich Holdings Limited, Datten Investments Limited, CE Hong Kong, China Everbright Group and Central Huijin is deemed to be interested in the Shares held by each of Star Leap Limited, Pearl Glory Global Limited and Glory Aurora Limited under the SFO.

(4) Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥)) is a limited partnership holding approximately 61.20% of the limited partnership interest in CEL Maiming.

The general partner of Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥)) is Shanghai CEL Jiaxin Equity Investment Management Co., Limited (上海光控嘉鑫股權投資管理有限公司). CEL Capital Prestige Asset Management Co., Limited (首譽光控資產管理有限公司) is a limited partner of Beijing CEL Anya Investment Centre (Limited Partnership) (北京光控安雅投資中心(有限合夥)) holding approximately 99.98% of its limited partnership interest.

Shanghai CEL Jiaxin Equity Investment Management Co., Limited (上海光控嘉鑫股權投資管理有限公司) was wholly-owned by Chongqing CEL Equity Investment Management Co., Limited (重慶光控股權投資管理有限公司), which was in turn wholly owned by Yixing CEL. Yixing CEL was wholly-owned by CEL Venture Capital (Shenzhen) Co., Limited (光大控股創業投資(深圳)有限公司), which was in turn wholly-owned by China Everbright Limited.

CEL Capital Prestige Asset Management Co., Limited (首譽光控資產管理有限公司) is 49% owned by Chongqing CEL Equity Investment Management Co., Limited (重慶光控股權投資管理有限公司).

(5) As at the Latest Practicable Date, the Company issued 6,671,668,000 shares.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group (excluding contracts expiring or determinable by the employer within one year within payment of compensation (other than statutory compensation)).

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Enlarged Group.

5. THE ARRANGEMENTS INVOLVING DIRECTORS

Save as disclosed in the annual report of the Company for the year ended 31 December 2019, as at the Latest Practicable Date:

(a) none of the Directors had any direct or indirect interest in any assets which have since 31 December 2019 being the date to which the latest published audited consolidated financial statements of the Enlarged Group were made up, been acquired or disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group;

(b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was significant in relation to the business of the Enlarged Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Enlarged Group since 31 December 2019, being the date to which the latest published audited accounts of the Company have been made up.

7. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the members of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business of the Group) have been entered into by the members of the Group within two years preceding the date of this circular which are or may be material:

(i) the sale and purchase agreement dated 13 December 2019 entered into between Southwest Jiaotong University Hope College (西南交通大學希望學院), Sichuan Hope Automotive Vocational College (四川希望汽車職業學院), Jintang Golden May Property Development Co., Ltd. (金堂金五月房地產開發有限公司) and Ziyang May Sunshine Property Development Co., Ltd. (資陽五月陽光房地產開發有限公司) in relation to the acquisition of the properties at a total consideration of RMB84,660,000, details of which were set out in the announcement dated 15 December 2019;

(ii) the acquisition agreement dated 29 August 2019 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) and Baota Group Petrochemical Group Co., Ltd. (寶塔石化集團有限公司), Yinchuan University Education Group Investment Holding Co., Ltd. (銀川大學教育集團投資控股有限公司) and Mr. Shi Xingjia in relation to the acquisition of 100% sponsor interest in Yinchuan University of Energy (銀川能源學院), Yinchuan Vocational School of Science and Technology (銀川科技職業學校), Ningxia Modern Senior Technical School (寧夏現代高級技工學校) and Vocational-technical Training Centre of Yinchuan University (銀川大學職業技能培訓中心) and 100% interest in Auto Repair Factory of Yinchuan University Education Group (Co., Ltd.) (銀川大學教育集團汽車修理廠(有限公司)) and Car Driving Training School of Yinchuan University Education Group (Co., Ltd.) (銀川大學教育集團汽車駕駛培訓學校(有限公司)) at the consideration of RMB550,000,000 which shall be subject to adjustment, details of which were set out in the announcement of the Company dated 29 August 2019;

(iii) the land use right acquisition agreement dated 23 August 2019 entered into between Zhangshu Yude Education Management Co, Ltd. and the Municipal Government of Zhangshu City, Jiangxi Province in relation to the acquisition of land use right in Zhangshu City, Jiangxi Province at a cash consideration of RMB20.55 million; details of which were set out in the announcement of the Company dated 25 August 2019;

(iv) the acquisition agreement dated 23 August 2019 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), Hope Education Group Co., Ltd. (希望教育集團有限公司), Shanghai Xinghong Investment Partnership (LP), Shanghai Lanke Investment Partnership (LP), Shanghai Hongnuan Investment Partnership (LP) and Mr. Mei Yunan in relation to the acquisition of 100% interest in Shanghai Pumeng Zhichuan Education Technology Co., Ltd. (上海普夢職川教育科技有限公司) ("**Shanghai Pumeng**") and Kunshan Xinwei Education Investment & Development Co., Ltd. (昆山欣韋教育投資發展有限公司) ("**Kunshan Xinwei**") (Shanghai Pumeng and Kunshan Xinwei collectively, the "**Target Companies**") at the consideration of RMB375,744,819.18 and Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) shall also provide loans to the Target Companies, Suzhou Top Institute of Information Technology (蘇州托普學院) and Kunshan Technical School and Business School (昆山技工學校) to repay their debts of RMB24,255,180.82, amounting to RMB400,000,000.00 in aggregate, details of which are set out in the announcement of the Company dated 25 August 2019;

(v) the sale and purchase agreement dated 29 July 2019 entered into between the Group and an independent third party in relation to the acquisition of 95% interests in Hebi Automotive Engineering Professional College (鶴壁汽車工程職業學院) at a cash consideration of RMB160 million, details of which are set out in the announcement of the Company dated 29 July 2019;

(vi) the further acquisition agreement dated 22 July 2019 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), Guizhou Jiexing Huilv Education Training Co., Ltd. (貴州捷星慧旅教育培訓有限公司) and Guo Xiaolan in relation to the transfer of 30% interests in 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) at the consideration of RMB78,000,000, details of which are set out in the announcement of the Company dated 22 July 2019;

(vii) the acquisition agreement dated 8 March 2019 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) and Sichuan Tequ Education Management Limited (四川特驅教育管理有限公司) in relation to the acquisition of the entire interests in Chengdu Maysunshine Education Management Co., Ltd. (成都五月陽光教育管理有限公司) at a consideration of RMB70,000,000, details of which are set out in the announcement of the Company dated 8 March 2019;

(viii) the project investment agreement dated 8 May 2019 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) and the People's Government of Jianyang City in relation to investment in the overall relocation and reconstruction of the Sichuan Vocational College of Culture & Communication and the total investment in the project is estimated to be RMB1.5 billion in installments, details of which are set out in the announcement of the Company dated 8 May 2019;

(ix) the project investment agreement dated 21 November 2018 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), People's Government of Baiyin District, Baiyin City and Baiyin Municipal Economic Cooperation Buerau in relation to the establishment Gansu Vocational & Technical College (甘肅職業技術學院) and the acquisition of land us right, details of which are set out in the announcement of the Company dated 21 November 2018;

(x) the project investment agreement dated 15 November 2018 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) and the People's Government of Zhong County in relation to the establishment of Chongqiang Digital Industry Vocational and Technical College (重慶數字產業職業技術學院) and the acquisition of land use right, details of which are set out in the announcement of the Company dated 15 November 2018;

(xi) the supplemental agreement to the project investment agreement dated 15 November 2018 entered into between Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) and the People's Government of Zhong County in relation to the cooperation in operating Chongqiang Digital Industry Vocational and Technical College (重慶數字產業職業技術學院) and the acquisition of land use right, details of which are set out in the announcement of the Company dated 15 November 2018; and

(xii) the Agreement.

9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualification of the experts who have been named in this circular or have been given opinion or letter, which is contained in this circular:

Name	Qualifications
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	An independent professional valuer
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Malaysia ("PwC Malaysia")	Chartered Accountants
Ernst & Young	Certified public accountants

As at the Latest Practicable Date, they had given and had not withdrawn their written consent to the issue of this circular with the inclusion of their report letters and all references to their names in the form and context in which they are included.

As at the Latest Practicable Date, they had not shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which had been, since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION

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

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

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

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays), up to and including 14 days from the date of this circular:

(a) the memorandum of association of the Company;

(b) the prospectus of the Company dated 24 July 2018;

(c) the annual report of the Company for the year ended 31 December 2018;

(d) the annual results announcement of the Company for the year ended 31 December 2019;

(e) the annual report of the Company for the year ended 31 December 2019;

(f) the accountant's report of the Target Group, the text of which is set out in Appendix II to this circular;

(g) the report from Ernst & Young in relation to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(h) the valuation report of the Target Group, the text of which is set out in Appendix V to this circular;

(i) the property valuation report of the Target Group, the text of which is set out in Appendix VI to this circular;

(j) the written consent of the experts as referred to in the section headed "Expert's Qualification and Consent" in this appendix;

(k) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(l) the circular in relation to the acquisition of 100% interest in Chengdu Maysunshine Education Management Co., Ltd. dated 19 June 2019; and

(m) this circular.