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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)

**(1) COMPLETION OF THE ISSUE OF US\$350,000,000 AGGREGATE
PRINCIPAL AMOUNT OF
ZERO COUPON CONVERTIBLE BONDS DUE 2026,
BY TEQU MAYFLOWER LIMITED
A SUBSIDIARY OF HOPE EDUCATION GROUP CO., LTD.**

AND

**(2) COMPLETION OF THE PLACING OF EXISTING SHARES AND TOP-UP
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

As Manager and Placing Agent

CREDIT SUISSE 

COMPLETION OF THE ISSUE OF THE BONDS

The Board is pleased to announce that all conditions set out in the CB Subscription Agreement have been fulfilled and completion of the issue of the Bonds took place on 2 March 2021. Pursuant to the CB Subscription Agreement, the Manager has conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer in the aggregate principal amount of US\$350,000,000. Based on the initial Conversion Price of HK\$3.85 and the Fixed Exchange Rate and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 704,827,272 Shares.

A conditional approval from the Stock Exchange for the listing of, and permission to deal in, the 704,827,272 Conversion Shares and an approval from the Stock Exchange for the listing of the Bonds have been obtained. The Bonds are expected to be listed on the Stock Exchange on or around 3 March 2021.

COMPLETION OF THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that the completion of the Placing took place on 25 February 2021 in accordance with the terms and conditions of the Placing and Subscription Agreement, where an aggregate of 680,000,000 Placing Shares were successfully placed to no less than six placees, who and whose ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Independent Third Parties, at the Placing Price of HK\$2.80 for each Placing Share.

As all conditions of the Subscription have been fulfilled, the Company allotted and issued 680,000,000 Subscription Shares to the Seller at HK\$2.80 per Subscription Share on 2 March 2021.

Reference is made to the announcement of the Company dated 22 February 2021 in respect of, among other things, (1) the proposed issue of US\$350,000,000 aggregate principal amount of zero coupon convertible Bonds due 2026 by Tequ Mayflower Limited, a subsidiary of the Company, and (2) the Placing of existing Shares and top-up Subscription of new Shares under General Mandate (the "**Announcement**"). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE ISSUE OF THE BONDS

The Board is pleased to announce that all conditions set out in the CB Subscription Agreement have been fulfilled and completion of the issue of the Bonds took place on 2 March 2021. A conditional approval from the Stock Exchange for the listing of, and permission to deal in, the 704,827,272 Conversion Shares and an approval from the Stock Exchange for the listing of the Bonds have been obtained. The Bonds are expected to be listed on the Stock Exchange on or around 3 March 2021.

The Bonds have been offered and sold to no fewer than six independent placees, which are non-U.S. persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance on Regulation S under the U.S. Securities Act. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees of the Bonds and their respective ultimate beneficial owners are Independent Third Parties of the Company.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$3.85 per Share, the Bonds will be convertible into 704,827,272 Conversion Shares (subject to adjustment), representing approximately 9.67% of the existing issued ordinary share capital of the Company immediately before the completion of the Placing and the Subscription and approximately 8.81% of the issued ordinary share capital of the Company, as enlarged by full conversion of the Bonds.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing took place on 25 February 2021. An aggregate of 680,000,000 Placing Shares have been successfully placed by the Placing Agent to no less than six placees at the Placing Price of HK\$2.80 for each Placing Share pursuant to the terms and conditions of the Placing and Subscription Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the placees are Independent Third Parties. None of the placees has become a Substantial Shareholder of the Company immediately after the Placing.

As all conditions for the completion of the Subscription had been fulfilled, the Company allotted and issued 680,000,000 Subscription Shares to the Seller at HK\$2.80 per Subscription Share on 2 March 2021.

EFFECT ON THE SHARE CAPITAL

The Placing and the Subscription

The following table illustrates, so far as is known to the Directors, the existing shareholding structure immediately before the completion of the Placing and the Subscription and the shareholding structure after the Placing and the Subscription. Certain figures and percentage figures included in the below table have been subject to rounding adjustments.

	Immediately before the completion of the Placing and the Subscription		Immediately after the completion of the Placing, but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Shareholder						
Hope Education Investment Limited ⁽¹⁾	4,140,948,240	56.79%	3,460,948,240	47.46%	4,140,948,240	51.94%
Public Shareholders:						
Other Shareholders	<u>3,150,981,535</u>	<u>43.21%</u>	<u>3,830,981,535</u>	<u>52.54%</u>	<u>3,830,981,535</u>	<u>48.06%</u>
Total	<u><u>7,291,909,775</u></u>	<u><u>100.00%</u></u>	<u><u>7,291,909,775</u></u>	<u><u>100.00%</u></u>	<u><u>7,971,909,775</u></u>	<u><u>100.00%</u></u>

Note:

- (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, 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). West Hope 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 owed 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, 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 4,140,948,240 Shares.

Conversion of the Bonds, the Placing and the Subscription

The following table illustrates, so far as is known to the Directors, the existing shareholding structure immediately before the completion of the Placing and the Subscription and the shareholding structure after the Placing and the Subscription and assuming the Bonds are fully converted into 704,827,272 Shares at the initial Conversion Price of each (without taking into account the effect of the stock lending arrangement below). Certain figures and percentage figures included in the below table have been subject to rounding adjustments.

Shareholder	Immediately before the completion of the Placing and the Subscription		Immediately after the completion of the Placing, but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription		Assuming the Bonds are fully converted into Shares at the initial Conversion Price of HK\$3.85 each	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Hope Education Investment Limited ⁽¹⁾	4,140,948,240	56.79%	3,460,948,240	47.46%	4,140,948,240	51.94%	4,140,948,240	47.72%
Public Shareholders:								
Bondholders	-	-	-	-	-	-	704,827,272	8.12%
Other Shareholders	3,150,981,535	43.21%	3,830,981,535	52.24%	3,830,981,535	48.06%	3,830,981,535	44.15%
Total	<u>7,291,909,775</u>	<u>100.00%</u>	<u>7,291,909,775</u>	<u>100.00%</u>	<u>7,971,909,775</u>	<u>100.00%</u>	<u>8,676,737,407</u>	<u>100.00%</u>

Note:

- (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, 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). West Hope 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 owed 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, 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 4,140,948,240 Shares.

USE OF PROCEEDS OF THE BONDS AND THE SUBSCRIPTION

The estimated net proceeds of the issue of the Bonds, after deduction of estimated expenses payable in connection with issue of the Bonds, will amount to approximately US\$346.5 million.

The estimated net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Seller and the Company (including the Manager's commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$1,888 million. The estimated net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$2.78 per Subscription Share.

The Company intends to use the estimated net proceeds of the Bonds and the Subscription primarily for business expansion, working capital needs and for general corporate purposes. In particular, the Company intends to use part of the net proceeds from the Subscription for potential acquisitions of new schools. As at the date of this announcement, no allocation plan of such net proceeds has been formulated, and the Company has not identified any specific acquisition targets. The Company will make announcement(s) in respect of any such acquisition(s) in compliance with the requirements of the Listing Rules where appropriate.

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

Hong Kong, 2 March 2021

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