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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)**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW PROPERTY COOPERATION FRAMEWORK AGREEMENT**

#### **RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Company's prospectus dated 24 July 2018 and the announcement of the Company dated 11 February 2021 in relation to the Property Leasing Framework Agreement. Due to an increase in the number of students in recent years and an expected increase in the demand for the leasing of properties for the year ending 31 August 2023, the Board proposed to increase the existing annual cap in respect of transactions contemplated under the existing Property Leasing Framework Agreement for the year ending 31 August 2023 and incorporate new business types. In addition, the existing Property Leasing Framework Agreement will expire on 31 August 2023 and it is currently expected that transactions in similar nature as the transactions contemplated under the existing Property Leasing Framework Agreement will continue on a recurring basis. Therefore, on 21 July 2023, Hope Education (a consolidated affiliated entity of the Company) (as the lessor) and Tequ Education (as the lessee) entered into the New Property Cooperation Framework Agreement, pursuant to which Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall cooperate with Tequ Education and its respective subsidiaries in the operation and management of rights of use of various land and buildings, and ancillary facilities and equipment by way of leasing, trusteeship, etc.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tequ Education is a company jointly controlled by Sichuan Tequ and Chengdu Mayflower, the substantial Shareholders of the Company. Tequ Education is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Property Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the leasing of the properties is more than 0.1% but all are less than 5%, the leasing of the properties is subject to the reporting, annual review and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under the Listing Rules.

## **INTRODUCTION**

Reference is made to the Company's prospectus dated 24 July 2018 and the announcement of the Company dated 11 February 2021 in relation to the Property Leasing Framework Agreement.

## **RENEWAL OF THE NEW PROPERTY COOPERATION FRAMEWORK AGREEMENT**

### **Parties, Term and Scopes**

On 21 July 2023, Hope Education (a consolidated affiliated entity of the Company) and Tequ Education entered into the New Property Cooperation Framework Agreement, pursuant to which Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall cooperate with Tequ Education and its respective subsidiaries in the operation and management of rights of use of various land and buildings, and ancillary facilities and equipment by way of leasing, trusteeship, etc.

### **Principal Terms of the New Property Cooperation Framework Agreement**

The principal terms of the New Property Cooperation Framework Agreement are as follows:

**Date:** 21 July 2023

**Parties:** (i) Hope Education  
(ii) Tequ Education

**Term:** 3 years, ending on 31 August 2025 (both days inclusive).

<b>Description of the cooperation:</b>	Operation and management of rights of use of various land and buildings, and ancillary facilities and equipment by way of leasing, trusteeship, etc.
<b>Cooperation fees:</b>	Cooperation fees, including but not limited to rent and management fees, shall be negotiated and determined by Hope Education and Tequ Education based on the market rate.

### Historical Annual Caps and Transaction Amounts

<b>Year/Period</b>	<b>Historical annual cap (RMB million)</b>	<b>Annual amounts of payments made by Tequ Education to Hope Education (RMB million)</b>
For the eight months ended 31 August 2021	20	5.05
For the year ended 31 August 2022	30	5.30
For the ten months ended 30 June 2023	30*	15.6

\* The historical annual cap represented the annual cap for the year ending 31 August 2023

### Annual Caps

The annual caps are determined through arm's length negotiation after considering (i) the highest amount of the annual cooperation fees estimated for each of the years ending 31 August 2023, 2024 and 2025 (the basis for such estimates includes the transaction amounts previously paid; the prevailing market rates and trend for properties at a location and with a size similar to the properties; particulars of each of the properties, including but not limited to the location of such leased properties and the facilities and management services related to the properties; the supply of properties with a similar size at nearby locations); (ii) the prevailing market rents for similar properties near the leased properties; and (iii) the expected amount of service charges, fees for trusteeship and other expenses, with particulars as follows:

<b>For the year ending 31 August</b>	<b>Annual cap (RMB million)</b>
2023	35
2024	80
2025	80

## **INTERNAL CONTROL MEASURES FOR THE CONTINUING CONNECTED TRANSACTIONS**

To safeguard the interests of the Shareholders (including minority Shareholders) as a whole, the Group has implemented internal control measures for the continuing connected transactions, including but not limited to the following measures:

1. the finance department and other relevant departments of the Group will continuously review and regularly collect and evaluate the pricing policy, transaction terms and actual transaction amounts under the New Property Cooperation Framework Agreement to ensure that (i) the continuing connected transactions thereunder are conducted on normal commercial terms and on terms no less favourable than those provided by independent third parties, and (ii) the transaction amounts will not exceed the annual caps determined under the New Property Cooperation Framework Agreement; and
2. the auditor will conduct an annual review of the pricing policy, transaction terms and annual caps under the New Property Cooperation Framework Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PROPERTY COOPERATION FRAMEWORK AGREEMENT**

The Directors (including independent non-executive Directors) are of the view that the New Property Cooperation Framework Agreement was entered into on an arm's length basis and in the ordinary and usual course of business, and such cooperation is fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account the increasing demand for property cooperation services along with the increasing scale of operation of the Company and the more diversified service needs of teachers and students.

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Mr. Wang Huiwu and Mr. Tang Jianyuan (being the Directors of the Company) are deemed to have a material interest in the transactions hereunder and therefore have abstained from voting on the relevant resolutions at the Board meeting. Except for the Directors mentioned above, there are no other Directors who have a material interest in such transactions.

## **GENERAL**

### **Information about the Company and Hope Education**

The principal business of the Company is investment holding, and its subsidiaries are mainly engaged in private higher education. Hope Education is a consolidated affiliated entity of the Company and is mainly engaged in education management and education industry investment.

### **Tequ Education**

Tequ Education is a company incorporated under the laws of the PRC with limited liability and an associate of a substantial Shareholder of the Company. Therefore, Tequ Education is a connected person of the Company under Chapter 14A of the Listing Rules. Its principal business activities are the provision of education and training services, promotion of education brands, and development of education and education-derived products.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company;
“Chengdu Mayflower”	Chengdu Mayflower Investment Management Limited (成都五月花投資管理有限公司), a substantial Shareholder of the Company;
“Company”	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries, including its consolidated affiliated entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“New Property Cooperation Framework Agreement”	the cooperation framework agreement entered into between Hope Education and Tequ Education on 21 July 2023;
“PRC”	the People’s Republic of China;
“Property Leasing Framework Agreement”	the property leasing framework agreement entered into between Hope Education and Tequ Education on 11 February 2021 in relation to the leasing of the properties;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company of nominal value of US\$0.00001 each;
“Hope Education”	Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司), a company established under the laws of the PRC with limited liability on 12 January 2005 and one of the Company’s consolidated subsidiary entities;
“Sichuan Tequ”	Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司), a substantial Shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tequ Education”	Sichuan Tequ Education Management Limited (四川特驅教育管理有限公司), a company established under the laws of the PRC with limited liability on 30 November 2017 and indirectly controlled by Mr. Wang Huiwu;
“%”	per cent.

By order of the Board  
**Hope Education Group Co., Ltd.**  
*Chairman*  
**He Shengli**

Hong Kong, 21 July 2023

*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. He Shengli, Mr. Tang Jianyuan and Mr. Lu Zhichao; and the independent non-executive Directors are Mr. Xiang Chuan, Mr. Liu Zhonghui and Mr. Zhang Jin.*