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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF THE TARGET COMPANIES AND TARGET SCHOOL**

#### **THE DISPOSAL**

The Board is pleased to announce that, on 31 January 2024 (after trading hours), the Purchaser and the Vendor entered into the Transfer Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to acquire 100% equity interest in the Target Companies to realize the acquisition of 100% equity interest in the Target Companies, the current and potential shareholders' interest included in those equity interest as well as the current and potential sponsor interest in the Target School entitled to Changzhen Company as the sponsor of the Target School, at a total consideration of RMB500 million.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## THE DISPOSAL

On 31 January 2024 (after trading hours), the Purchaser and the Vendor entered into the Transfer Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to acquire 100% equity interest in the Target Companies to realize the acquisition of 100% equity interest in the Target Companies, the current and potential shareholders' interest included in those equity interest as well as the current and potential sponsor interest in the Target School entitled to Changzhen Company as the sponsor of the Target School, at a total consideration of RMB500 million.

The principal terms of the Transfer Agreement are set out below:

Date: 31 January 2024 (after trading hours)

Parties: (i) the Purchaser; and  
(ii) the Vendor.

Subject matter: Pursuant to the Transfer Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Companies to realize the acquisition of 100% equity interest in the Target Companies, the current and potential shareholders' interest included in those equity interest as well as the current and potential sponsor interest in the Target School entitled to Changzhen Company as the sponsor of the Target School.

Consideration: Pursuant to the Transfer Agreement, the total consideration is RMB500 million, and will be paid by the Purchaser in the following instalments. The details are as below:

1. Within 7 working days upon signing the Transfer Agreement, the Purchaser shall pay RMB50 million to the account designated by the Vendor. The Vendor shall change the registration of 100% equity interest in Changzhen Company under the name of the Purchaser and complete the corresponding procedures for change of registration.
2. Within 3 months upon signing the agreement and upon completion of changes of the legal representatives, directors, supervisors and senior management of the Target Companies and the transfer of administration authority of the Target Subjects, the Purchaser shall pay RMB150 million to the account designated by the Vendor.

3. On the date of the first year from the completion date, the Purchaser shall pay RMB100 million to the bank account designated by the Vendor.
4. On the date of the second year from the completion date, the Purchaser shall pay RMB100 million to the bank account designated by the Vendor.
5. On the date of the third year from the completion date, the Purchaser shall pay RMB100 million to the bank account designated by the Vendor.

Completion: The completion date of the Disposal is the payment settlement date of the second instalment of payment.

Guarantee: Jiangxi Cultural Performance Development Group Company Limited (江西文化演藝發展集團有限責任公司), the shareholder of the Purchaser, issues a Letter of Guarantee to guarantee the performance of obligations under the Transfer Agreement and ensure that the remaining balance agreed in the Transfer Agreement will be paid as scheduled.

Upon completion of the Disposal, the Purchaser will hold 100% equity interest in the Target Companies as well as the current and potential sponsor interest in the Target School entitled to Changzhen Company as the sponsor of the Target School.

## **BASIS FOR THE CONSIDERATION OF THE DISPOSAL**

The consideration of the Disposal is determined after arm's length negotiation by the Vendor and the Purchaser on normal commercial terms with reference to factors such as the past turnover and assets, the location and brand, the programs offered, the employment opportunity and prospects of graduates, the number of students and the number of admissions of the Target Subjects.

## **FINANCIAL INFORMATION OF THE TARGET SUBJECTS**

### **(i) Target School:**

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(unaudited)	(unaudited)
Unaudited net profit (before taxation):	41,708.75	40,263.82
Unaudited net profit (after taxation):	41,708.75	40,263.82

The unaudited consolidated net asset value of the Target School as at 31 December 2023 was RMB238,418,979.58.

**(ii) Target Companies:**

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(unaudited)	(unaudited)
Unaudited net profit (before taxation):	40,848.52	38,673.19
Unaudited net profit (after taxation):	40,848.52	38,673.19

The unaudited consolidated net asset value of the Target Companies as at 31 December 2023 was RMB119,245,921.46.

**FINANCIAL IMPACT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS**

Upon completion of the Disposal, the Target Companies will cease to be the subsidiaries of the Company, the Target School will cease to be the joint venture of the Company, and their financial results, assets and liabilities will cease to be consolidated into the consolidated financial statements of the Group. It is estimated that, upon completion of the Disposal, the Company will record an unaudited loss of approximately RMB90 million from the Disposal, which was based on the consideration less the unaudited carrying amount of the joint venture as at 31 December 2023. The Company's estimated profit or loss from the Disposal is unaudited and may vary upon completion of the Disposal, subject to the concrete and final consideration amount of the Disposal. The Group intends to utilize the net proceeds from the Disposal for the improvement of operation condition of its existing schools and satisfy the needs for basic operation condition.

**REASONS FOR AND BENEFITS OF THE DISPOSAL**

In recent years, the state has successively introduced various policies to guide the high quality development of vocational education, which exerts a relatively high pressure on the investment in operation for the schools under the Group. The Disposal would help the Group in better raising fund and enable the Group to better allocate financial resources and improve operation condition for satisfying the needs of its existing schools such as basic school operation, campus renovation and expansion and option for profitability.

Given the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transfer Agreement are of normal commercial terms, and are fair and reasonable. The Disposal is in line with the business strategy of the Group, and is in line with the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE TARGET SUBJECTS**

### **(i) Target Companies**

The Target Companies are two companies established in China with limited liability, and are principally engaged in logistic management service, property management service, investment, development and operation of campus infrastructure and other businesses.

### **(ii) Target School**

The Target School started operation in 1985 and was assessed and recognized by the Ministry of Education as an independent school co-operated by Nanchang University and Changzhen Company in 2003. In February 2021, the Group and the original sponsor of the Target School reached the acquisition agreement. The Target School is an independent school with focus on engineering field with coordinated development of various academic subjects such as operation, management and arts.

## **INFORMATION OF THE PURCHASER**

Established on 17 August 2018, the Purchaser is a tier-one subsidiary wholly-owned by Jiangxi Cultural Performance Development Group Company Limited, a large state-owned cultural enterprise under Jiangxi Province, and is principally engaged in equity investment, debt investment, industrial mergers and acquisitions, cultural finance and capital market, etc. Relying on the advantages of state-owned enterprises, the Purchaser seizes the opportunity of the reform and development of the national cultural system, deeply supports and integrates high-quality cultural industrial projects by means of equity investment and financial support, and provides diversified and efficient investment and financing services for cultural industry.

As at the date of this announcement, to the best knowledge of the Directors, the Purchaser is wholly-owned by Jiangxi Cultural Performance Development Group Company Limited. To the best knowledge, information and belief of the Directors upon making all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## INFORMATION OF THE COMPANY AND THE VENDOR

The Company is an investment holding company and its subsidiaries (including its consolidated affiliated entities) are principally engaged in private higher education. The Vendor is one of the consolidated affiliated entities of the Company and is principally engaged in education management and education industry investment.

## LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Changzhen Company”	Jiangxi Changzhen Industrial Co., Ltd. (江西昌振實業有限公司), a limited liability company established under the laws of the PRC on 28 January 2013;
“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;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of 100% equity interest in the Target Companies held by the Vendor and the current and potential sponsor interest in the Target School entitled by Changzhen Company as the sponsor of the Target School pursuant to the terms of the Transfer Agreement;
“Group”	the Company and its subsidiaries, including its consolidated affiliated entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	a party which is independent of, and not connected with, the Company and its connected persons;

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“PRC”	the People’s Republic of China;
“Purchaser”	Jiangxi Cultural Performance Investment Management Company Limited (江西文演投資管理有限公司), a limited liability company established under the laws of the PRC on 17 August 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital of the Company with a nominal value of USD0.00001 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules;
“Target Companies”	Jiangxi Changzhen Industrial Co., Ltd. (江西昌振實業有限公司) and Gongqing College of Nanchang University Backend Services Company Limited (南昌大學共青學院後勤服務有限公司);
“Target School”	the Gongqing College of Nanchang University (南昌大學共青學院);
“Target Subjects”	collectively, the Target Companies and the Target School;
“Transfer Agreement”	the transfer agreement dated 31 January 2024 entered into between the Purchaser and the Vendor in relation to the Disposal;
“Vendor”	Chengdu Maysun Education Management Company Limited (成都五月陽光教育管理有限公司), a limited liability company established under the laws of the PRC on 6 February 2018;
“%”	per cent.

By Order of the Board  
**Hope Education Group Co., Ltd.**  
**Zhang Bing**  
*Chairman*

Hong Kong, 1 February 2024

*As at the date of this announcement, the Board of the Company comprises Mr. Xu Changjun, Mr. Wang Huiwu and Mr. Huang Zhongcai as executive Directors; Mr. Tang Jianyuan, Mr. Li Tao and Mr. Zhang Bing as non-executive Directors; and Mr. Zhang Jin, Mr. Liu Zhonghui and Mr. Xiang Chuan as independent non-executive Directors.*