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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 TRANSACTION IN RELATION TO THE RENEWAL OF THE NEW PROPERTY LEASING FRAMEWORK AGREEMENT**

#### **RENEWAL OF THE CONTINUING CONNECTED TRANSACTION**

On 11 February 2021, Hope Education (a consolidated affiliated entity of the Company) (as the lessor) and Tequ Education (as the lessee) entered into the New Property Leasing Framework Agreement, pursuant to which Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall lease certain properties to Tequ Education for a term of three years commencing from 1 January 2021 and ending on 31 August 2023.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wang Huiwu, an executive Director and one of the controlling shareholders of the Company, is also the controlling shareholder of Tequ Education and indirectly holds approximately 48.48% of interest in Tequ Education. 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 Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios for the leasing of the properties is more than 0.1% but 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 in relation to certain continuing connected transactions entered into by the Group and certain connected persons in relation to the New Property Leasing Framework Agreement.

## RENEWAL OF THE NEW PROPERTY LEASING FRAMEWORK AGREEMENT

### Parties, Term and Scopes

On 11 February 2021, Hope Education (a consolidated affiliated entity of the Company) and Tequ Education entered into the New Property Leasing Framework Agreement, pursuant to which Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall lease certain properties to Tequ Education for a term of three years commencing from 1 January 2021 and ending on 31 August 2023.

### Principal Terms of the New Property Leasing Framework Agreement

After the expiry of the term of the existing property leasing framework agreement, the New Property Leasing Framework Agreement has been renewed by Hope Education (a consolidated affiliated entity of the Company) and Tequ Education with the principal terms as follows:

<b>Date:</b>	11 February 2021
<b>Parties:</b>	(i) Hope Education (as the lessor) (ii) Tequ Education (as the lessee)
<b>Term:</b>	Three years, commencing from 1 January 2021 and ending on 31 August 2023 (both days inclusive).
<b>Description of the leased properties:</b>	Land area of approximately 0.4 million sq.m.; gross floor area of approximately 0.2 million sq.m.
<b>Rent:</b>	The rent of the leased properties during the term shall be negotiated and determined by Hope Education and Tequ Education based on the market rate.

### Historical Annual Caps and Transaction Amounts

<b>For the year ending 31 December</b>	<b>Historical annual cap (RMB million)</b>	<b>Annual amount of rent paid by Tequ Education to Hope Education (RMB million)</b>
2018	27	25.86
2019	29	19.95
2020	31	9.86

## Annual Caps

The annual caps are determined through arm's length negotiation after considering (i) the highest amount of the annual rent estimated for the next three years of not more than RMB30 million per year (the basis for such estimates includes the rents previously paid; the prevailing market rents and the trend thereof for properties at a location and with a size similar to the leased properties; particulars of the leased 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 and other expenses, with particulars as follows:

<b>Year/Period</b>	<b>Annual cap (RMB million)</b>
For the eight months ended 31 August 2021	20
For the year ended 31 August 2022	30
For the year ended 31 August 2023	30

## 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, which include 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 Leasing 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 in the New Property Leasing Framework Agreement; and
2. the auditor will conduct an annual review of the pricing policy, transaction terms and annual caps under the New Property Leasing Framework Agreement.

## REASONS FOR AND BENEFITS OF THE NEW PROPERTY LEASING FRAMEWORK AGREEMENT

The Directors (including independent non-executive Directors) are of the view that the New Property Leasing Framework Agreement was entered into in the ordinary and usual course of business on an arm's length basis, and the transactions contemplated under the New Property Leasing Framework Agreement and the annual caps are entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Meanwhile, considering the previous usage and the strategic location of the properties, Tequ Education leased certain properties from us for teaching, training and ancillary activities purposes without incurring additional costs and expenses arising from the search for and renovation of alternative properties, thereby making better use of our idle properties.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wang Huiwu, an executive Director and one of the controlling shareholders of the Company, is also the controlling shareholder of Tequ Education and indirectly holds approximately 48.48% of interest in Tequ Education. 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 Leasing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the leasing of the properties is more than 0.1% but 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.

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

## **GENERAL**

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

The principal business of the Company is investment holding, and its subsidiaries are mainly engaged in private higher education. Sichuan 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 indirect wholly-owned subsidiary of Hope Education Investment Limited. It is a connected person of the Company and 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;
“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 directors 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;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“New Property Leasing Framework Agreement”	the property leasing framework agreement entered into by Hope Education and Tequ Education on 11 February 2021 in relation to the leasing of the properties;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“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*  
**Xu Changjun**

Hong Kong, 11 February 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.*

\* *For identification purpose only*