

---

**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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---

**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) DISCLOSEABLE AND CONNECTED TRANSACTION IN  
RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY  
INTEREST IN THE TARGET COMPANY  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

---

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 13 in this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 14 to 15 of this circular. A letter from Euto Capital, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 32 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Saturday, 20 November 2021 at Louis XIV Hall, Homeland Hotel, No. 188 Jichang Road, Chengdu, Sichuan, China is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Company's branch share registrar and transfer office, Hong Kong Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be), if you so wish.

5 November 2021

---

## CONTENTS

---

<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	14
<b>LETTER FROM EUTO CAPITAL</b> .....	16
<b>APPENDIX            GENERAL INFORMATION OF THE GROUP</b> .....	33
<b>NOTICE OF EGM</b> .....	EGM-1

---

## DEFINITIONS

---

“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Chengdu Mayflower”	Chengdu Mayflower Investment Management Co., Ltd.* (成都五月花投資管理有限公司), a substantial shareholder of the Company and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules;
“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;
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement;
“Completion Date”	the date on which Completion takes place;
“Condition(s)”	the condition(s) precedent of the Sale and Purchase Agreement as set out in the section titled “Conditions Precedent” in this circular;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration of the Disposal, being RMB527,000,000;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Dingli”	Dingli Corp., Ltd. (珠海世紀鼎利科技股份有限公司) stock code: (300050.SZ), a company incorporated under the law of the PRC the shares of which are listed on the growth enterprise market of the Shenzhen Stock Exchange, which is principally engaged in the secondary college and providing communication network optimization and Internet of Things products and services as well as Internet of Things services;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement;

---

## DEFINITIONS

---

“EGM”	the extraordinary general meeting of the Company to be held at 10 a.m. on Saturday, 20 November 2021 at Louis XIV Hall, Homeland Hotel, No. 188, Jichang Road, Chengdu, Sichuan, China or any adjournment thereof, to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Euto Capital”	Euto Capital Partners Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) to carry out Type 6 (advising on corporate finance) regulated activities, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal;
“Group”	the Company and its subsidiaries, including its consolidated affiliated entities;
“Hope Education HK”	Hope Education Group (Hong Kong) Co., Ltd. (希望教育集團(香港)有限公司), a company incorporated under the law of Hong Kong, a wholly-owned subsidiary of the Company;
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely, Dr. Gao Hao, Mr. Chen Yunhua and Mr. Zhang Jin;
“Independent Shareholders”	Shareholders other than Sichuan Tequ and Chendu Mayflower and their respective associates;
“Latest Practicable Date”	2 November 2021, 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 Main Board of the Stock Exchange;
“Model Code”	the Model Code for securities transactions by Directors of listed issuers set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China;

---

## DEFINITIONS

---

“Purchaser”	Chengdu Pengyang Enterprise Management Consulting Limited* (成都鵬陽企業管理諮詢有限公司) (“ <b>Pengyang</b> ”), a company incorporated with limited liability under the laws of PRC and directly held by Chengdu Mayflower as to 66% and Sichuan Xieli as to 34%;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares dated 31 August 2021 and entered into between Hope Education HK and the Purchaser;
“Sale Shares”	the entire issued share capital of the Target Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong);
“Shareholder(s)”	shareholder(s) of the Company;
“Sichuan Tequ”	Sichuan Tequ Investment Group Co., Ltd.* (四川特驅投資集團有限公司), a substantial shareholder of the Company, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules;
“Sichuan Xieli”	Sichuan Xieli Investment Co., Ltd.* (四川協力投資有限公司), a company incorporated under the laws of the PRC and directly wholly-owned by a connected person of the Group, Sichuan Tequ;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited; and
“Target Company”	Sichuan Tequ Mayflower Education Management Co., Ltd.* (四川特驅五月花教育管理有限公司), a company incorporated under the law of the PRC and directly wholly-owned by Hope Education HK, which holds 50,000,000 shares of Dingli, representing approximately 8.93% equity interest in Dingli.

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

*For the purpose of this circular, the exchange rate of HK\$1.00 = RMB0.83 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 translation 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).*

---

LETTER FROM THE BOARD

---



**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

*Registered Office:*

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Non-executive Directors*

Mr. He Shengli  
Mr. Tang Jianyuan  
Mr. Lu Zhichao

*Headquarters and Principal Place  
of Business in China:*

5/F, Administrative Building  
Sichuan TOP IT Vocational Institute  
2000 Xi Qu Avenue Pidu District  
Chengdu  
PRC

*Independent Non-executive Directors*

Dr. Gao Hao  
Mr. Chen Yunhua  
Mr. Zhang Jin

*Principal Place of Business  
in Hong Kong:*

40/F, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

5 November 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN  
RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY  
INTEREST IN THE TARGET COMPANY**

**AND**

**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 31 August 2021 in relation to the Disposal of the entire equity interest in the Target Company.

---

## LETTER FROM THE BOARD

---

Reference is also made to the circular of the Company dated 5 March 2021 in relation to the Acquisition and the Proposed Subscription of shares of Dingli as well as the Entrustment of voting rights in Dingli, in which it was disclosed that the Company intended to (i) seek greater industrial synergy and expand channels for growth of the Group and enhance market competitiveness of the Group through the Acquisition and the Proposed Subscription; and (ii) enhance the Company's control in Dingli by the Entrustment. Capitalized terms used herein shall have the same meanings as those defined in the aforesaid circular unless otherwise stated.

As at the Latest Practicable Date, the Entrustment is effective and the Proposed Subscription has not proceeded. In light of the Disposal, the Company shall not have control as to the status of the Entrustment and the Proposed Subscription upon the Completion as (i) the voting rights attached to the 45,744,700 shares of Dingli was entrusted by Mr. Ye to the Target Company pursuant to the Voting Rights Proxy Agreement and (ii) the Subscription Agreement was entered into between Dingli and the Target Company. Further, the Company did not account for the Entrustment in the Company's books and records.

The purpose of this circular is to provide you with, amongst other things, (i) details of the Disposal; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; (iii) the letter of advice from Euto Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) the notice and proxy forms of the EGM.

### **THE DISPOSAL**

On 31 August 2021 (after trading hours), Hope Education HK and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which Hope Education HK has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration of approximately RMB527 million.

### **THE SALE AND PURCHASE AGREEMENT**

#### **Date**

31 August 2021 (after trading hours)

#### **Parties**

- (a) Hope Education HK as the vendor; and
- (b) Pengyang as the Purchaser

#### **Assets to be disposed of**

Hope Education HK has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares. The Sale Shares, will be sold free from encumbrances and together with all rights attaching thereto upon Completion. The Target Company is an investment company which holds 50,000,000 shares of Dingli, representing approximately 8.93% equity interest in Dingli, details of which are set out in the section headed below.

---

## LETTER FROM THE BOARD

---

### Consideration

The Consideration, being approximately RMB527 million, was determined after arm's length negotiation between Hope Education HK and the Purchaser, with reference to the audited combined net asset value of the Target Company of RMB515 million attributable to the Company as at 31 July 2021.

As at the date of the Sale and Purchase Agreement and up to the Latest Practicable Date, the Target Company holds 50,000,000 shares of Dingli with a carrying amount of RMB392,500,000 as at 31 July 2021 (the "Share Cost"), representing a short-term premium to Dingli's public quoted market price, being RMB4.15 as of the Latest Practicable Date. Considering that the value of other assets and liabilities (including accounts receivables, prepayments and other receivables, cash and bank balances and other liabilities) of the Target Company are valued at its costs and without any adjustment (due to the nature of such other assets and liabilities are not subject to market change and depreciation), the Directors consider that the basis of the Consideration, which is determined with reference to the net asset value of the Target Company, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration shall be settled in full by cash on the Completion Date.

### Conditions precedent

The Completion shall be conditional upon the fulfilment of each of the following conditions:

- (a) the Company having obtained all necessary consents, approvals and authorisations from relevant government authorities or other third parties in Hong Kong or other jurisdictions in respect of the execution and performance of the Sale and Purchase Agreement (including but not limited to the obtaining of Independent Shareholders' approval at the EGM by the Company pursuant to the Listing Rules); and
- (b) the Company, the Purchaser and the Target Company having obtained all their respective necessary approvals, authorisations, consents, filings and registrations from the government authorities, regulatory bodies, exchanges, courts, other judiciaries or any other institutions with supervisory functions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and having completed all necessary notification and filing procedures (where applicable).

As at the Latest Practicable Date, the Board (other than Mr. Wang Huiwu and Mr. Tang Jianyuan, who have abstained from voting due to their interest in the Target Company) approved the Disposal and the transactions contemplated under the Sale and Purchase Agreement.

---

## LETTER FROM THE BOARD

---

### Completion

Completion shall take place upon all the conditions above have been fulfilled or such other date as the Company and the Purchaser may agree.

### INFORMATION ON THE GROUP AND THE TARGET COMPANY

The Company is an investment holding company incorporated in the Cayman Islands, through its subsidiaries including its consolidated affiliated entities, owns and operates higher education schools in the PRC.

The Target Company is an investment holding company incorporated in the PRC and holds 50,000,000 shares of Dingli, representing approximately 8.93% equity interest in Dingli. Dingli is a company incorporated under the law of the PRC and the shares of which are listed on the growth enterprise market of The Shenzhen Stock Exchange, with a stock code of 300050.SZ, the principal business activities of which are secondary college education and the provision of communication network optimization and Internet of Things products and services.

	<b>For the year ended 31 December 2020</b> <i>(Unaudited)</i> <i>RMB</i>	<b>For the year ended 31 December 2019</b> <i>(Audited)</i> <i>RMB</i>
Net profits before taxation	-11,214,629.6	43,649,233.3
Net profits after taxation	-11,214,629.6	32,971,860.5

The audited combined net asset value of the Target Company as of 31 July 2021 is RMB514,911,842.42.

The Target Company used to engage in the business of procurement and sale of teaching equipment, furniture and air-conditioners, etc.. In view of the Disposal, the Target Company ceased to engage in any business activities (other than investment holding) since 20 April 2021 and disposed of all its operating assets and investments (other than the 50,000,000 shares of Dingli) by 31 July 2021. As such, as at 31 July 2021 and up to the Latest Practicable Date, the Target Company does not engage in any business activities other than investment holding and does not hold investment other than the 50,000,000 shares of Dingli.

In addition to the Target Company's long-term equity interest in the 50,000,000 shares of Dingli at the amount of RMB392,500,000, its assets as at 31 July 2021 also comprise (i) other amount receivables at the amount of RMB903,696,610.79, generated primarily from the internal funds flow between the offshore and onshore PRC subsidiaries of the Group, as at the Latest Practicable Date, the Target Company has actually collected the entire said amount; (ii) dividend receivables at the amount of RMB110,128,824.22, generated from its

---

## LETTER FROM THE BOARD

---

shareholdings in subsidiaries; and (iii) trade receivables at the amount of RMB61,070,250.94, generated from the Target Company's previous business activities of selling teaching equipment, furniture, air-conditioners and etc..

Further, all liabilities of the Target Company as at 31 July 2021 of approximately RMB1,001.35 million were contributed by its account payable and other payables and were settled in full as at the Latest Practicable Date.

### INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated under the laws of the PRC and is owned by Chengdu Mayflower as to 66% and Sichuan Xieli as to 34%, whereby Sichuan Xieli is wholly-owned by Sichuan Tequ. As at the date hereof, Chengdu Mayflower is held by Mr. Wang Huiwu, Mr. Wang Degen and Mr. Fu Wenge as to 96%, 2% and 2%, respectively, and Sichuan Tequ is indirectly held by Mr. Chen Yuxin, Ms. Zhao Guiqin, Mr. Zhang Qiang, Mr. Tang Jianyuan and Mr. Wang Degen as to 33%, 22%, 23.49%, 11.21% and 4.05%, respectively. The principal business activity of the Purchaser is corporate management and corporate management consulting.

---

## LETTER FROM THE BOARD

---

### REASONS FOR AND BENEFITS OF THE DISPOSAL

In October 2020, the Company acquired 50,000,000 shares of Dingli at the consideration of RMB392,500,000 from Mr. Yebin, an Independent third party of the Company, the market value of such shares were at RMB207,500,000 as at the Latest Practicable Date.

### Concerns on PRC's Change of Policies in the Education Industry

As disclosed in the Company's circular dated 5 March 2021, the Company had taken into consideration the prospect of the education industry in the PRC before proceeding to the acquisition of the Sale Shares. At the time of the Acquisition, the Directors considered that the Acquisition would be a long-term investment.

Subsequent to the completion of the Acquisition, the PRC government introduced two major regulations on the private compulsory education and the after-school tutoring (the "**New Regulations**"), which are the (i) Regulations on the Implementation of the Non-state Education Promotion Law of the PRC\* (中華人民共和國民辦教育促進法實施條例) which was promulgated on 24 May 2021 and became effective on 1 September 2021; and (ii) Opinions on Easing the Burden of Excessive Homework and Off-campus Tutoring for Students Undergoing Compulsory Education\* (關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見)" which was promulgated on 24 July 2021 and became effective of even date. The New Regulations, among others, focus on tightening the regulations on compulsory education.

Prior to the entering into the Sale and Purchase Agreement, the Directors had assessed the New Regulations' impact on the Company's investment in the shares of Dingli. Notwithstanding the Directors cannot assure that business operation and financial performance of Dingli would be adversely impacted by the New Regulations, the Directors correlate that the promulgation of such additional restrictive regulations has contributed to the decreasing share price of Dingli in the first half of the year 2021. Due to the increasing risk brought by the unfavorable regulatory environment, the Directors are of the view that the Disposal is beneficial to the Company and the Shareholders.

In light of the above and having assessing the share price trend of Dingli and analyzing the potential financial impact that would be brought upon the Company, the Directors decided to proceed with the Disposal.

### Sale at a Premium to the Fair Market Value

Further, taking into consideration Dingli's historical share price performance, the Directors are of the view that the Disposal is beneficial to the Company and the Shareholders since the Company will be able to recover its unrecognized loss arising from its investment holding of 50,000,000 shares in Dingli. As disclosed in the section headed "Letter from the Board – The Sale and Purchase Agreement – Consideration" in this circular, the Consideration of approximately RMB527 million was determined with reference to the audited combined net asset of the Target Company of RMB515 million, comprising a carrying amount of RMB392,500,000 of 50,000,000 shares in Dingli. As at the Latest Practicable Date, the carrying amount of RMB392,500,000 of 50,000,000 shares in Dingli represents a premium of 41.19% to 89.16% to the fair market value of such shares.

---

## LETTER FROM THE BOARD

---

The table below sets forth the average closing share price of Dingli's shares for the period (i) from 12 October 2020 (being the date of share transfer agreement to acquire the 50,000,000 Dingli's shares) to 31 August 2021 (being the date of the Sale and Purchase Agreement), (ii) five business days immediately preceding to 31 August 2021, and (iii) five business days immediately preceding to the Latest Practicable Date; and the respective premium represented by the actual costs agreed to by the Purchaser for the settlement of consideration of per Dingli's shares (i.e. RMB7.85 per Dingli shares, the "Actual Costs").

Period	Fair market value (average closing share price of Dingli) (RMB)	Premium to fair market value <sup>(1)</sup> (%)
From 12 October 2020 to 31 August 2021	5.56	41.19%
Five business days immediately preceding to 31 August 2021 <sup>(2)</sup>	5.012	56.62%
Five business days immediately preceding to the Latest Practicable Date <sup>(3)</sup>	4.252	84.62%
As at the Latest Practicable Date	4.15	89.16%

*Notes:*

- (1) being the percentage of the difference between the fair market value and the Actual Costs. The Actual Costs is determined as RMB7.85 per Dingli share calculated by dividing RMB392,500,000 by 50,000,000 Dingli shares.
- (2) being 24 August 2021 to 27 August 2021 and 30 August 2021.
- (3) being 26 October 2021 to 29 October 2021 and 1 November 2021.

Given that (i) the Target Company is an investment holding company the investment portfolio of which comprises 50,000,000 shares of Dingli only; (ii) the Consideration was determined with reference to the net asset value of the Target Company, where the 50,000,000 shares of Dingli was valued with a carrying amount of RMB392,500,000; (iii) the amount of RMB392,500,000 represents a premium of 41.19% to 89.16% to the fair market value of such shares, allowing the Company to recover its unrecognized loss arising from its investment holding of the 50,000,000 shares of Dingli; and (iv) following the Completion, the Group will no longer be subject to the ripple effect caused by a potential change of policy by the PRC government in the education industry which would have an adverse impact on Dingli's business operation, the Directors consider the Disposal beneficial to the Company and the Shareholders.

In view of the reasons above, the Directors (including the independent non-executive Directors) considers that (i) the Sale and Purchase Agreement and the transaction contemplated thereunder was entered into on normal or better commercial terms after arm's length negotiations and are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Disposal does not have any disadvantages to the Company.

---

## LETTER FROM THE BOARD

---

### FINANCIAL EFFECTS OF AND USE OF PROCEED FROM THE DISPOSAL

Immediately after the Completion, the Target Company will cease to be the subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Company's financial statements.

Based on (i) the consideration of the Disposal of approximately RMB527 million; and (ii) the unaudited consolidated net asset value of the Target Group as at 31 July 2021 of approximately RMB514.91 million, it is expected that the Company will record a gain on the Disposal of approximately RMB12.09 million, which will be subject to audit. The actual amount of the gain to be recognised by the Group can only be determined when the net asset value of the Target Company as at the date of Completion and the transaction costs attributable to the Disposal are ascertained, and therefore maybe different from the aforesaid amount.

The Group intends to use the net proceeds from the Disposal to strengthen the Group's cash flow, including providing working capital for its core business, which could be used for the following purposes (as and when there is such business demand for the Group):-

- (a) 70% to expand the existing campus and upgrade the amenities of the Group's schools (as at the Latest Practicable Date, the Group owns and operates nine colleges and universities, 11 junior colleges and two technician colleges, amounting to 22 schools in total); and/or
- (b) 30% to acquire additional higher education schools which are of high commercial potential and compatible for the Group's business development strategy.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being wholly-owned subsidiary of connected persons of the Company, Chengdu Mayflower and Sichuan Tequ, each a substantial shareholder of the Company. As one or more of the applicable percentage ratios in respect of the Disposal exceed 5%, accordingly, the Disposal constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Euto Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

---

## LETTER FROM THE BOARD

---

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Chengdu Mayflower and Sichuan Tequ and their respective associates are required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Disposal and is required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

### GENERAL INFORMATION

Since the Company's executive Director, Mr. Wang Huiwu, indirectly and beneficially owns 24.4% equity interest in the Target Company, he has abstained from voting on the Board resolutions approving the Disposal and the transactions contemplated under the Sale and Purchase Agreement. The Company's non-executive Director, Mr. Tang Jianyuan, indirectly and beneficially owns 0.97% interest in the Target Company and thereby he has also abstained from voting on the Board resolutions approving the Disposal and the transactions contemplated under the Sale and Purchase Agreement.

### EGM

The EGM will be convened and held at 10:00 a.m. on Saturday, 20 November 2021 at Louis XIV Hall, Homeland Hotel, No. 188, Jichang Road, Chengdu, Sichuan, China for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors after making all reasonable enquires, Chengdu Mayflower, Sichuan Tequ and their respective associates, as at the date of the EGM, are collectively interested in 4,140,948,240 Shares, representing approximately 51.88% of the issued share capital of the Company, shall be required to abstain from voting in respect of the resolutions that would be proposed to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Disposal at the EGM. To the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Disposal and is required to abstain from voting on the resolution(s) of the Company in approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

To the best knowledge, information and belief of the Directors after making all reasonable enquires, there is (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting rights at the EGM.

---

## LETTER FROM THE BOARD

---

The notice of EGM is set out on pages EGM-1 to EGM-2. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. by 10 a.m. on Thursday, 18 November 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be), if you so wish.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 17 November 2021 to Saturday, 20 November 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 November 2021.

### RECOMMENDATION

The Directors (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder after taking into account the advice of Euto Capital, and the letter from Euto Capital as set out on pages 16 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

### 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 and executive Director*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.*



### 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)**

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN  
RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY  
INTEREST IN THE TARGET COMPANY  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 5 November 2021 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, whether the transactions contemplated above are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser, Euto Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 4 to 13 of the Circular; (ii) the letter from the Independent Financial Adviser as set out on pages 16 to 32 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation; and (iii) the additional information as set out in the appendices to the Circular.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the terms of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned, and the Sale and Purchase Agreement and transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve the transactions contemplated above.

Yours faithfully

For and on behalf of the  
**Independent Board Committee of  
Hope Education Group Co., Ltd.**

**Dr. Gao Hao**  
*Independent non-executive  
Director*

**Mr. Chen Yunhua**  
*Independent non-executive  
Director*

**Mr. Zhang Jin**  
*Independent non-executive  
Director*

---

## LETTER FROM EUTO CAPITAL

---

*The following is the letter of advice from the independent financial adviser, Euto Capital Partners Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



Euto Capital Partners Limited  
Room 2418, Wing On Centre,  
111 Connaught Road Central,  
Hong Kong

T +852 3106 2393  
F +852 3582 4722  
www.eutocapital.com

5 November 2021

*To the Independent Board Committee and  
the Independent Shareholders of  
Hope Education Group Co., Ltd.*

Dear Sirs and Madams,

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (the “**Transaction**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 5 November 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

#### **1. Background of the Transaction**

Reference is made to the Letter.

On 31 August 2021, Hope Education HK and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which Hope Education HK has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration of approximately RMB527 million.

Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

---

## LETTER FROM EUTO CAPITAL

---

### **2. Implication under the Listing Rules**

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirement pursuant to Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser is owned as at 66% by Chengdu Mayflower and 34% by Sichuan Xieli, each an associate of the connected persons of the Company (as defined under the Listing Rules). The Purchaser is an associate of Chengdu Mayflower and Sichuan Xieli and therefore an associate of such connected persons of the Company (as defined under the Listing Rules). Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details of the shareholding structure of the Purchaser, please refer to the sub-section headed “1.2 Information of the Purchaser” of this letter.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Gao Hao, Mr. Chen Yunhua and Mr. Zhang Jin, has been established to consider and advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in favour of the Transaction. None of the members of the Independent Board Committee has any material interest in the Transaction.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; (iii) in the interests of the Company and the Independent Shareholders as a whole; and (iv) how the Independent Shareholders should vote in favour of the Transaction.

---

## LETTER FROM EUTO CAPITAL

---

### OUR INDEPENDENCE

We, Euto Capital Partners Limited (“**Euto Capital**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

Euto Capital is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 6 (advising on corporate finance) regulated activity. Euto Capital has been participated in and completed various independent financial advisory transactions since 2015. Ms. Regina Wong (“**Ms. Wong**”) and Mr. Felix Huen (“**Mr. Huen**”) are the persons jointly signing off the opinion letter from Euto Capital contained in the Circular. Ms. Wong has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2017, while Mr. Huen has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2019. Each of Ms. Wong and Mr. Huen was participated in and completed various independent financial advisory transactions in Hong Kong.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Euto Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Euto Capital’s independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

We are not associated with and have no significant connection financial or otherwise, with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. Euto Capital has not acted as an independent financial adviser to the Company’s other transactions in the last two years.

Accordingly, we consider that we have performed all reasonable steps as required under the Listing Rules and are eligible to give independent advice on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

---

## LETTER FROM EUTO CAPITAL

---

### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”).

We have reviewed, among other things, (i) the annual report of the Company for the eight months ended 31 August 2020 (the “**2020 Annual Report**”); (ii) the interim report of the Company for the six months ended 28 February 2021 (the “**2021 Interim Report**”); (iii) the audited financial statements of the Target Company for the seven months ended 31 July 2021 (the “**2021 Audited Target FS**”); and (iv) the market value of the Dingli Share(s) (as defined below) as quoted on the website of 網易財經. We have also discussed with the Management about the Target Company and the reasons behind the Disposal.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospects.

---

## LETTER FROM EUTO CAPITAL

---

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transaction, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### **1. Background of the Transaction**

On 31 August 2021, Hope Education HK and the Purchaser entered into the Sale and Purchase Agreement.

##### ***1.1 Information of the Company and the Group***

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the holding company of the Group.

##### ***(a) Principal business of the Group***

The Group owns and operates higher education schools in the PRC and is principally engaged in providing higher and vocational education services.

##### ***(b) Financial position of the Group***

Set out below is the Group's (i) audited consolidated financial position as at 31 August 2020 as extracted from the 2020 Annual Report; and (ii) unaudited consolidated financial position as at 28 February 2021 as extracted from the 2021 Interim Report.

---

**LETTER FROM EUTO CAPITAL**

---

	<b>As at 28 February 2021 RMB'000 (unaudited)</b>	<b>As at 31 August 2020 RMB'000 (audited)</b>
<b>Total non-current assets</b>	<b>11,487,505</b>	<b>8,457,802</b>
<b>Current assets</b>		
– Trade receivables	84,365	27,953
– Prepayments, deposits and other receivables	789,418	909,135
– Amounts due from related parties	54,920	56,052
– Financial assets at fair value through profit or loss	47,882	5,000
– Contract cost assets	1,568	–
– Pledged and restricted deposits	15,700	65,700
– Cash and cash equivalents	2,500,861	2,894,437
– Assets classified as held for sale	161,886	–
<b>Total current assets</b>	<b>3,656,600</b>	<b>3,958,277</b>
<b>Total assets</b>	<b>15,144,105</b>	<b>12,416,079</b>
<b>Current liabilities</b>		
– Contract liabilities	776,647	403,620
– Trade payables	47,323	37,573
– Other payables and accruals	1,724,875	1,307,621
– Deferred income	38,765	37,683
– Lease liabilities	31,903	28,965
– Interest-bearing bank and other borrowings	1,446,396	1,443,333
– Amounts due to related parties	60,843	21,694
– Taxes payable	167,447	87,759
<b>Total current liabilities</b>	<b>4,294,199</b>	<b>3,368,248</b>
<b>Net current (liabilities)/assets</b>	<b>(637,599)</b>	<b>590,029</b>
<b>Total assets less current liabilities</b>	<b>10,849,906</b>	<b>9,047,831</b>
<b>Non-current liabilities</b>		
– Other payables	168,862	312,861
– Deferred income	1,400,601	1,252,665
– Lease liabilities	153,974	120,129
– Interest-bearing bank and other borrowings	2,654,687	1,670,072
– Deferred tax liabilities	126,589	5,687
– Amounts due to a related party	150,000	–
– Derivative financial instruments	2,379	–
– Contract liabilities	1,273	–
<b>Total non-current liabilities</b>	<b>4,658,365</b>	<b>3,361,414</b>
<b>Total liabilities</b>	<b>8,952,564</b>	<b>6,729,662</b>
<b>Net assets</b>	<b>6,191,541</b>	<b>5,686,417</b>

---

## LETTER FROM EUTO CAPITAL

---

(i) Total assets

As set out in the table above, the total assets of the Group increased from approximately RMB12.42 billion as at 31 August 2020 to approximately RMB15.14 billion as at 28 February 2021, representing an increase of approximately 21.90% or approximately RMB2.72 billion.

The non-current assets of the Group increased from approximately RMB8,457.80 million as at 31 August 2020 to approximately RMB11,487.51 million as at 28 February 2021, representing an increase of approximately 35.82% or approximately RMB3,029.71 million. As disclosed in the 2021 Interim Report, such increase was mainly due to (i) the recognition of goodwill of approximately RMB240.89 million; (ii) increase in prepayments for the acquisition of certain sponsor rights and equity interests in the sponsor who owns the sponsor rights over schools of approximately RMB461.92 million; (iii) increase in prepayment for land lease payments of approximately RMB355.38 million; and (iv) increase in rights of use assets of approximately RMB97.75 million.

Further, the current assets of the Group decreased from approximately RMB3,958.28 million as at 31 August 2020 to approximately RMB3,656.60 million as at 28 February 2021, representing a decrease of approximately 7.62% or approximately RMB301.67 million. Such decrease in current assets of the Group was mainly attributable to the decrease in cash and cash equivalents of approximately RMB393.58 million. As further advised by the Management, the decrease in cash and cash equivalents was mainly attributable to cash used in (i) capital injection into a joint venture of approximately RMB150 million; (ii) prepayment for acquisition of equity interests of approximately RMB480 million; and (iii) acquisition of subsidiaries of approximately 837.29 million during the period.

(ii) Total liabilities

As set out in the table above, the total liabilities of the Group increased from approximately RMB6.73 billion as at 31 August 2020 to approximately RMB8.95 billion as at 28 February 2021, representing an increase of approximately 32.99% or approximately RMB2.22 billion.

The non-current liabilities of the Group increased from approximately RMB3,361.41 million as at 31 August 2020 to approximately RMB4,658.37 million as at 28 February 2021, representing an increase of approximately 38.58%. Such increase in non-current liabilities of the Group was mainly due to the increase of approximately 58.96% in interest-bearing banking other borrowings from approximately RMB1,670.07 million as at 31 August 2020 to approximately RMB2,654.69 million as at 28 February 2021.

## LETTER FROM EUTO CAPITAL

The current liabilities of the Group increased from approximately RMB3,368.25 million as at 31 August 2020 to approximately RMB4,294.20 million as at 28 February 2021, representing an increase of approximately 27.49%. As disclosed in the 2021 Interim Report, such increase in current liabilities of the Group was mainly due to (i) the increase of approximately 92.42% in contract liabilities from approximately RMB403.62 million as at 31 August 2020 to approximately RMB776.65 million as at 28 February 2021, which was attributable to the recognition of revenue relating to the provision of formal education services; and (ii) the increase of approximately 31.91% in other payables and accruals from approximately RMB1,307.62 million as at 31 August 2020 to approximately RMB1,724.88 million as at 28 February 2021 from due to the increase in payables for purchase of property, plant and equipment and acquisitions of equity interests.

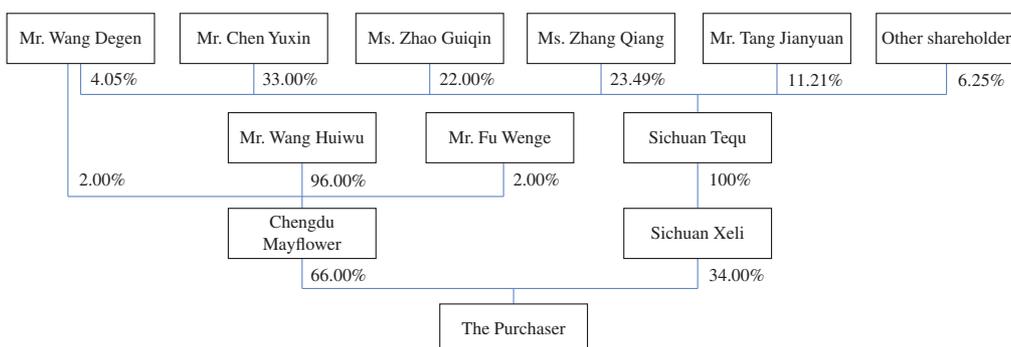
### 1.2 Information of the Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability and the principal activities of which is corporate management and corporate management consulting.

As at the Latest Practicable Date, the Purchaser is owned as to (i) 66% by Chengdu Mayflower; and (ii) 34% by Sichuan Xeli. Chengdu Mayflower is owned as to (i) 96% by Mr. Wang Huiwu; (ii) 2% by Mr. Wang Degen; and (iii) 2% by Mr. Fu Wenge, while Sichuan Xeli is wholly owned by Sichuan Tequ.

As at the Latest Practicable Date, Sichuan Tequ is indirectly held as to (i) 33% by Mr. Chen Yuxin; (ii) 22% by Ms. Zhao Guiqin; (iii) 23.49% by Ms. Zhang Qiang; (iv) 11.21% by Mr. Tang Jianyuan; and (v) 4.05% by Mr. Wang Degen.

Set out below is the diagram illustrate the shareholding structure of the Purchaser as at the Latest Practicable Date:



---

## LETTER FROM EUTO CAPITAL

---

Having considered that (i) Mr. Wang Huiwu is an executive Director; and (ii) Mr. Wang Huiwu, Mr. Chen Yuxin, Ms. Zhao Guiqin and Ms. Zhang Qiang are deemed as holding 4,140,948,240 Shares through Hope Education Investment Limited, representing approximately 51.88% of the issued share capital of the Company as at the Latest Practicable Date, each of the aforementioned parties is a connected person of the Company under Chapter 14A of the Listing Rules. Based on the shareholding structure of the Purchaser as illustrated above, the Purchaser is an associate of Chengdu Mayflower and Sichuan Xieli and each of the said connected persons. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

### ***1.3 Information of the Target Company***

The Target Company is a company established under the laws of the PRC with limited liability. As at the Latest Practicable Date, the Target Company is wholly owned by Hope Education HK, which is a wholly-owned subsidiary of the Company.

#### *(a) Principal business of the Target Company*

As at the Latest Practicable Date, the Target Company is an investment holding company holding 50,000,000 shares of Dingli (“**Dingli Share(s)**”), representing approximately 8.93% shareholding interests in Dingli.

#### *(b) Financial performance of the Target Company*

Set out below is a summary of the Target Company’s (i) audited financial performance for the seven months ended 31 July 2021 as extracted from the 2021 Audited Target FS; and (ii) unaudited financial performance for the year ended 31 December 2020 as extracted from the unaudited financial statements of the Target Company for the year ended 31 December 2020 (the “**2020 Unaudited Target FS**”).

	<b>For the seven months ended 31 July 2021 RMB’000 (audited)</b>	<b>For the year ended 31 December 2020 RMB’000 (unaudited)</b>
<b>Revenue</b>	4,880	76,368
<b>Profit/(loss) for the period/year</b>	115,720	(11,215)

As set out above, the revenue of the Target Company for the seven months ended 31 July 2021 was approximately RMB4.88 million, representing a substantial decrease as compared to that (in the proportionate amount) for the year ended

---

## LETTER FROM EUTO CAPITAL

---

31 December 2020. As advised by the Management, all revenue of the Target Company was fully generated from its sale of teaching equipment, furniture and air-conditioners, etc. (the “**Education Material Business**”) through its subsidiary, which had been disposed by 31 July 2021 (the “**Subsidiary Disposal**”). Therefore, as at the Latest Practicable Date, the Target Company has ceased to engage in any business activities (other than investment holding) and does not hold any investment other than the 50,000,000 Dingli Shares.

Further, profit of the Target Company for the seven months ended 31 July 2021 was approximately RMB115.72 million. As advised by the Management, out of the total profit, approximately RMB110.13 million was contributed by the dividend receivables from its disposed subsidiary; and approximately RMB5.48 million was contributed by the gain derived from the Subsidiary Disposal. Same as the aforesaid, save as any income or profit in connection with the investment in associate (as explained below), after the Subsidiary Disposal, no profit has been generated through the Education Material Business.

(c) *Financial position of the Target Company*

Set out below is a summary of the Target Company’s audited financial position as at 31 July 2021 as extracted from the 2021 Audited Target FS and unaudited financial position as at 31 December 2020 as extracted from the 2020 Unaudited Target FS.

	<b>As at 31 July 2021</b>	<b>As at 31 December 2020</b>
	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(audited)</i>	<i>(unaudited)</i>
<b>Non-current assets</b>		
– Investment in associate	392,500	54,610
– Others	19	25
	<b>392,519</b>	<b>54,635</b>
<b>Current assets</b>		
– Inventories	20	105
– Accounts receivable, prepayment and other receivables	1,076,296	441,119
– Cash and cash equivalents	47,428	1,258,378
	<b>1,123,744</b>	<b>1,699,602</b>
<b>Total assets</b>	<b>1,516,263</b>	<b>1,754,237</b>
<b>Current liabilities</b>		
– Accounts payable and other payables	1,001,351	234,525
	<b>1,001,351</b>	<b>234,525</b>
<b>Net asset value</b>	<b>514,912</b>	<b>1,519,712</b>

---

## LETTER FROM EUTO CAPITAL

---

As set out in the financial position of the Target Company, the net asset value of the Target Company as at 31 July 2021 was approximately RMB514.91 million, which was derived from the difference between the total assets of approximately RMB1,516.26 million and the total liabilities of approximately RMB1,001.35 million. Out of the total assets, the carrying amount of the investment in associate contributed approximately 25.89% or RMB392.50 million. Particulars of the associate are set out below:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest in Dingli as at the Latest Practicable Date	Principal activities
Dingli	50,000,000 ordinary shares	The PRC, whose A shares have been listed on the Shenzhen Stock Exchange (stock code: 300050.SZ)	approximately 8.93%	Secondary college education business and the provision of communication network optimisation as well as internet of things service

Apart from the investment in associate, the outstanding amount of accounts receivable, prepayment and other receivables also contributed approximately 70.98% or RMB1,076.30 million of the Target Company's total assets as at 31 July 2021, which include (i) other amount receivables at the amount of approximately RMB903.70 million, generated primarily from the internal funds flow between the offshore and onshore PRC subsidiaries of the Group; (ii) dividend receivables at the amount of approximately RMB110.13 million, generated from its shareholdings in subsidiaries; and (iii) trade receivables at the amount of approximately RMB61.07 million, generated from the Education Material Business of the Target Company.

---

## LETTER FROM EUTO CAPITAL

---

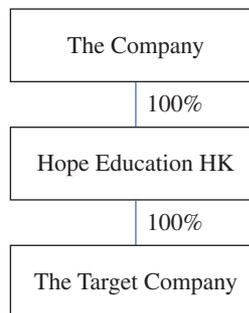
Further, all liabilities of the Target Company as at 31 July 2021 of approximately RMB1,001.35 million were contributed by its accounts payable and other payables.

As advised by the Management, such (i) accounts receivable, prepayment and other receivables and (ii) accounts receivable, prepayment and other receivables were incurred by the inter-company current accounts from the Education Material Business and internal funds flow between the offshore and onshore PRC subsidiaries of the Group, which had been ceased since April 2021; and save as disclosed in the 2021 Audited Target FS, there was no other indebtedness of the Target Company incurred as at the Latest Practicable Date.

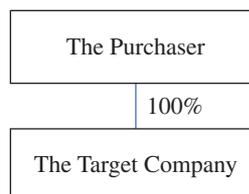
### 2. Structure of the Transaction

The diagrams below illustrate the shareholding structure of the Target Company immediately before and after the Completion.

*(a) Immediately before the Completion*



*(b) Immediately after the Completion*



### 3. Reasons for and benefits of the Transaction and the intended use of proceeds from the Disposal

*(a) Reasons and benefits of the Transaction*

As set out in the circular issued by the Company dated 5 March 2021, we noticed that the Company has taken into consideration the prospect of the education industry in the PRC at the time of acquiring the equity interests in Dingli.

---

## LETTER FROM EUTO CAPITAL

---

However, the PRC government has launched two new regulations on the education industry since May 2021. It was then noticed that the share price of Dingli Shares had been decreasing and kept in a low level as compared to the Actual Cost (as defined below). Based on the share price trend of Dingli Shares, it is anticipated by the Directors that the Actual Cost may not be able to recover within a certain period.

As set out in the Letter, the PRC government introduced two major education regulations including (i) the “Regulations on the Implementation of the Non-state Education Promotion Law of the PRC (中華人民共和國民辦教育促進法實施條例)” on 24 May 2021 and (ii) “Opinions on Easing the Burden of Excessive Homework and Off-campus Tutoring for Students Undergoing Compulsory Education (關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見)” on 24 July 2021. In formulating our opinion and recommendation, we have reviewed the documents relating to the said two regulations and noted that both documents mainly focus on, among others, tightening the regulations on compulsory education.

In that case, we are of the view that there is no assurance on the implementation of the existing regulation and/or further tightening measures to restrain the education industry at the national, provincial, municipal, or local level, in which case the capital value of the Dingli Shares could be influenced. Therefore, our recommendation would mainly focus on the financial aspect. Meanwhile, we have reviewed the historical transaction record of the Dingli Shares on the Shenzhen Stock Exchange as quoted on the website of 網易財經 and noticed that (i) the Dingli Shares had been traded at below the Actual Cost since 14 October 2020 (2 days after signing the relevant share transfer agreement to acquire 50,000,000 Dingli Shares); and (ii) the Actual Cost represents a premium over the closing share price of the Dingli Shares on the date of the Sale and Purchase Agreement and the average closing price of Dingli Shares during the Review Period (as defined below). Based on such findings, we concur with the Directors’ view that the Disposal offered an opportunity for the Group to recover the unrealised loss recognised from such investment; hence, the Consideration represents a favourable term to the Group in terms of the Actual Cost recovery and the Disposal is considered to be in the interest of the Company and the Independent Shareholders as a whole.

***(b) The use of proceeds from the Disposal***

The gross proceeds from the Disposal amounted to RMB527 million. As set out in the Letter, the Group intends to use the proceeds from the Disposal to strengthen its cash flow position and finance working capital of its core business, of which (i) approximately 70% of the net proceeds will be used for expanding and upgrading amenities of the Group’s existing education campus (which include 9 colleges and universities, 11 junior colleges and 2 technician colleges); and (ii) approximately 30% of the net proceeds will be used for acquiring education schools in line with the Group’s business development strategy.

After certain enquiries, we further understood that the Group intends to utilise the proceeds within the next 12 months after Completion. After considering the aforesaid planned use of proceeds, on which the Group’s existing education business is proved to be profitable over years, we concur with the Directors’ view that the Disposal allows the Management to better allocate the Group’s resources efficiently and timely towards the development, operations, and management of the Group’s existing business segment.

---

## LETTER FROM EUTO CAPITAL

---

### 4. Principal terms of the Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are summarised as follows:

<b>Date:</b>	31 August 2021
<b>Parties:</b>	(i) Hope Education HK; and (ii) Pengyang.
<b>Subject matter</b>	Hope Education HK has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares
<b>Consideration</b>	RMB527 million

#### *4.1 Basis of the Consideration*

As set out in the Letter, the Consideration was determined after arm's length negotiation between Hope Education HK and the Purchaser with reference to the net asset value of the Target Company attributable to the Company of approximately RMB515 million as at 31 July 2021.

#### *4.2 Evaluation of the basis of the Consideration*

In assessing the fairness and reasonableness of the basis of the Consideration, we have conducted the following work done.

##### *(a) Review on the determination basis of the Consideration*

As set out above, the Consideration was determined based on the net asset value of the Target Company as at 31 July 2021.

In evaluating the aforesaid determination basis, we noticed that the carrying amount of the investment in associate as stated in the 2021 Audited Target FS represents the core asset of the Target Company. Given (i) the core asset of the Target Company is the investment in 50,000,000 Dingli Shares; (ii) the Target Company had ceased all of its business operation after the Subsidiary Disposal as at the Latest Practicable Date; and (iii) the book value of each assets and liabilities of Target Company could be analysed, adjusted and appraised individually, we concur with the Directors' view that it is fair and reasonable to make reference to the net asset value as the basis of determination of the Consideration.

We have also considered other determination basis, such as the future cash flow assessment basis, however, we concluded that this is not appropriate because (i) there is no business operated by the Target Company as at the Latest Practicable Date; and (ii) the basis and assumptions under the future cash flow basis involved uncertainties, after considered the above factors, we are of the view that net asset value would be a more appropriate reference in determining the Consideration.

##### *(b) Review on the net asset value of the Target Company as at 31 July 2021*

We have reviewed the 2021 Audited Target FS and noted that the net asset value of the Target Company as at 31 July 2021 was approximately RMB514,912,000. For details of the financial position, please refer to the sub-section headed "(c) Financial position of the Target Company" in this letter.

---

## LETTER FROM EUTO CAPITAL

---

(i) The value of the investment in associate

We noticed in the 2021 Audited Target FS that the net asset value has not taken into consideration the fair market value of the investment in associate. As advised by the Management, the carrying amount of the investment in associate of RMB392,500,000 was recorded based on the actual cost paid by the Purchaser for settlement of consideration of such investment (i.e. RMB7.85 per share for 50,000,000 Dingli Shares (the “**Actual Cost**”)).

As quoted on the website of 網易財經 in relation to the historical transaction record of the Dingli Shares on the Shenzhen Stock Exchange ([http://quotes.money.163.com/trade/ljsysj\\_300050.html](http://quotes.money.163.com/trade/ljsysj_300050.html)), the closing share price of the Dingli Shares on the date of the Sale and Purchase Agreement was RMB4.96, representing a discount of approximately 36.82% to the Actual Cost of RMB7.85 per Dingli Share. In order to further assess the fairness and reasonableness of the carrying amount of the investment in associate, we have also reviewed the historical closing price of Dingli Shares during the period from 12 October 2020 (being the date of signing the relevant share transfer agreement to acquire the 50,000,000 Dingli Shares) to 31 August 2021 (being the date of the Sale and Purchase Agreement) (the “**Review Period**”).

The chart below depicts the closing prices of the Dingli Shares as quoted on the website of 網易財經 during the Review Period. We consider the Review Period covers the period commencing from the date of the relevant acquisition to the date of the Disposal, which represents a reasonable period to provide a general overview of the recent price performance of the Dingli Shares when conducting an analysis among the historical closing price of the Dingli Shares and the Actual Cost.

**Closing share price of Dingli during the period from  
12 October 2020 to 31 August 2021**



---

## LETTER FROM EUTO CAPITAL

---

Save as the closing price on 13 October 2020, the Dingli Shares had been traded at below the Actual Cost throughout the Review Period. The closing price of the Dingli Shares during the Review Period ranged from the lowest of HK\$4.68 per Dingli Share on 13 January 2021, 30 April 2021 and 7 May 2021 to the highest of HK\$8.02 per Dingli Share on 13 October 2020. The average closing price of the Dingli Shares during the Review Period was approximately HK\$5.56 per Dingli Share.

Based on the above, the Actual Cost represents (i) a discount of approximately 2.12% to the highest closing price of HK\$8.02 per Dingli Share; (ii) a premium of approximately 67.74% over the lowest closing price of HK\$4.68 per Dingli Share; and (iii) a premium of approximately 41.19% over the average closing price of Dingli Shares during the Review Period.

Having considered the above, we consider that to value the investment in associate at the Actual Cost is favourable to the Group.

(ii) The value of other assets and liabilities

We note from the 2021 Audited Target FS that the value of other assets and liabilities (including accounts receivables, prepayments and other receivables, cash and bank balances and other liabilities) are valued at its costs and without any adjustment, having considered the nature of such other assets and liabilities are not subject to market change and depreciation, we consider valuing such assets and liabilities at its carry amount is fair and reasonable.

### Conclusion

Having considered above assessment of all assets and liabilities in the 2021 Audited Target FS, we concluded that the Consideration basis which had made reference to the net asset value of the Target Company is fair and reasonable.

## **5. Financial effects of the Disposal**

Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

“Based on (i) the consideration of the Disposal of approximately RMB527 million; and (ii) the unaudited consolidated net asset value of the Target Group as at 31 July 2020 of approximately RMB514.91 million, it is expected that the Company will record a gain on the Disposal of approximately RMB12.09 million, which will be subject to audit. The actual amount of the gain to be recognised by the Group can only be determined when the net asset value of the Target Company as at the date of Completion and the transaction costs attributable to the Disposal are ascertained, and therefore maybe different from the aforesaid amount.”

---

## LETTER FROM EUTO CAPITAL

---

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the Sale and Purchase Agreement are (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms; (iii) fair and reasonable; and (iv) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully  
For and on behalf of  
**Euto Capital Partners Limited**  
**Felix Huen**  
*Director*

Yours faithfully  
For and on behalf of  
**Euto Capital Partners Limited**  
**Regina Wong**  
*Director*

\* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*

## 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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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 were as follows:

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held/Interested (Approximately)	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at Latest Practicable Date <sup>(2)</sup>
Wang Huiwu (汪輝武)	Executive Director and Chief Executive Officer	Interest in controlled corporation <sup>(1)</sup>	4,140,948,240	Long Position	51.88%
		Interest in controlled corporation <sup>(1)</sup>	295,000,000	Short Position	3.70%
		Beneficial interest	11,120,000	Long Position	0.14%
Li Tao (李濤)	Executive Director	Beneficial interest	9,344,315	Long Position	0.12%
He Shengli (賀勝利)	Non-executive Director	Beneficial interest	840,000	Long Position	0.01%

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held/Interested (Approximately)	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at Latest Practicable Date <sup>(2)</sup>
Tang Jianyuan (唐健源)	Non-executive Director	Interest in controlled corporation <sup>(3)</sup>	77,050,101	Long Position	0.97%
			5,489,028	Short Position	0.07%
		Interest of spouse <sup>(4)</sup>	15,826,106	Long Position	0.20%
			1,127,447	Short Position	0.01%

## Notes:

- (1) As at the Latest Practicable Date, Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Credit Suisse Trust Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited hold 96% interest in Maysunshine Limited, Maysunshine Limited hold 49% interest in Hope Education Investment Limited, Hope Education Investment Limited holds 51.88% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.
- (2) Based on the number of issued shares as at the Latest Practicable Date, being 7,997,114,173 Shares.
- (3) As at the Latest Practicable Date, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.88% interest in the Company. Accordingly, Tang Jianyuan (唐健源) is deemed as holding interest in the Company through Hope Education Investment Limited (希望教育投資有限公司).
- (4) As at the Latest Practicable Date, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.88% interest in the Company. Liu Birong (劉碧容) is spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生博根源有限公司) held by Liu Birong (劉碧容).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had 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 (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (not being a director or chief executive of the Company) or entities had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Long	Approximate Percentage of Shareholding in the Company as at Latest Practicable Date <sup>(3)</sup>
			Position/Short Position	
Hope Education Investment Limited <sup>(1)</sup>	Beneficial interest	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Credit Suisse Trust Limited <sup>(1)</sup>	Trustee	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Maysunshine Limited <sup>(1)</sup>	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Maysunshine Holdings Limited <sup>(1)</sup>	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Tequ Group A Limited <sup>(1)</sup>	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Tequ Group (Hong Kong) Company Limited <sup>(1)</sup>	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
	Beneficial interest	42,242,703	Long Position	0.53%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Long Position/Short Position		Approximate Percentage of Shareholding in the Company as at Latest Practicable Date <sup>(3)</sup>
			Long Position	Short Position	
Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) <sup>(1)</sup>	Interest in controlled corporation	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Sichuan Tequ <sup>(1)</sup>	Interest in controlled corporation	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Chengdu West Hope Group <sup>(1)</sup> Limited (成都華西希望集團有限公司) (“West Hope”) <sup>(1)</sup>	Interest in controlled corporation	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) <sup>(1)</sup>	Interest in controlled corporation	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Zhang Qiang (張強) <sup>(1)</sup>	Interest in controlled corporation	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Wang Degen (王德根) <sup>(1)</sup>	Interest of spouse	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%
Chen Yuxin (陳育新) <sup>(1)</sup>	Interest in controlled corporation/ Interest of spouse	4,183,190,943 295,000,000	Long Position		52.41%
				Short Position	3.70%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Long Position/Short Position	Approximate Percentage of Shareholding in the Company as at Latest Practicable Date <sup>(3)</sup>
Zhao Guiqin (趙桂琴) <sup>(1)</sup>	Interest in controlled corporation/ Interest of spouse	4,183,190,943 295,000,000	Long Position Short Position	52.41% 3.70%
Central Huijin Investment Limited (“ <b>Central Huijin</b> ”) <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%
China Everbright Group Ltd. (“ <b>China Everbright Group</b> ”) <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%
China Everbright Holdings Company Limited (“ <b>CE Hong Kong</b> ”) <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%
China Everbright Limited <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%
Honorich Holdings Limited <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%
Datten Investments Limited <sup>(2)</sup>	Interest in controlled corporation	475,005,158	Long Position	5.95%

*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 Maysunshine Holdings Limited, which is in turn 100% beneficially owned by Wang Huiwu (汪輝武) whereas Credit Suisse Trust Limited acts as trustee.

Thus, Maysunshine Limited, Tequ Group A Limited, and Maysunshine Holdings Limited, are deemed to be interested in 4,140,948,240 Shares of Long Position and 295,000,000 Shares of Short Position.

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, 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). Zhang Qiang (張強) and Wang Degen (王德根) are spouses.

Thus, 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 4,183,190,943 Shares of Long Position and 295,000,000 Shares of Short Position.

- (2) China Everbright Limited was owned as to approximately 49.39% by Honorich Holdings Limited and 0.35% 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 63.16% by Central Huijin.

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 or security interest in shares held by each of related controlled corporation under the SFO.

- (3) Based on the number of issued shares as at the Latest Practicable Date, being 7,997,114,173 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

#### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

No contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 August 2020 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

#### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

#### **7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 August 2020, being the date to which the latest published audited financial statements of the Group were made up.

#### **8. EXPERTS AND CONSENTS**

The following is the name and qualification of the expert who has given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Euto Capital Partners Limited	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities

Euto Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 5 November 2021 and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Euto Capital did not have any shareholding, direct or indirect, 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. In addition, each of the above experts did not have any interest, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 August 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on Monday to Friday, except for public holidays, at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including the date of EGM:

- (a) the letter of recommendation from the Independent Board Committee dated 5 November 2021, the text of which is set out on pages 14 to 15 of this circular;
- (b) the letter of advice from Euto Capital to the Independent Board Committee and the Independent Shareholders dated 5 November 2021, the text of which is set out on pages 16 to 32 of this circular;
- (c) the written consent of Euto Capital, which was referred to in the section headed “8. Expert and Consent” in this appendix;
- (d) the Sale and Purchase Agreement; and
- (e) this circular.

**10. GENERAL**

The English texts of this circular shall prevail over their Chinese texts.

---

## NOTICE OF EGM

---



### 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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (“EGM”) of Hope Education Group Co., Ltd. (the “Company”) will be held at Louis XIV Hall, Homeland Hotel, No. 188, Jichang Road, Chengdu, Sichuan, China on Saturday, 20 November 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the Sale and Purchase Agreement (as defined in the circular of the Company dated 5 November 2021, a copy of which marked “A” is produced to the meeting and signed by the chairman of the EGM for the purpose of identification), the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, approved, authorized and ratified; and that any one director of the Company be and is hereby authorized to take all steps necessary or expedient in their opinion to implement and/or to give effect of the Sale and Purchase Agreement and the transactions contemplated thereunder.”

Yours faithfully

By order of the Board

**Hope Education Group Co., Ltd.**

**Xu Changjun**

*Chairman and Executive Director*

Hong Kong, 5 November 2021

*Registered office:*

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Principal place of business*

*in Hong Kong:*

40/F, Dah Sing Financial Centre  
No. 248 Queen’s Road East  
Wanchai  
Hong Kong

---

## NOTICE OF EGM

---

*Notes:*

- (i) A form of proxy for use at the EGM is enclosed.
- (ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. by 10:00 a.m. on Thursday, 18 November 2021) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The transfer books and register of members will be closed from Wednesday, 17 November 2021 to Saturday, 20 November 2021, both days inclusive to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 16 November 2021.

*As at the date of this notice, 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 Dr. Gao Hao, Mr. Chen Yunhua and Mr. Zhang Jin.*