

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



## **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)**

### **CONNECTED TRANSACTIONS ENTERING INTO THE SHUANGLIN EDUCATION EQUITY TRANSFER AGREEMENT AND LOAN AGREEMENT**

#### **ACQUISITION**

The Board is pleased to announce that, on 23 December 2021 (after trading hours), “Sichuan Hope” (being the Consolidated Affiliated Entity) and “Tequ Linjia” entered into the “Shuanglin Education Equity Transfer Agreement”.

Accordingly, “Sichuan Hope” has agreed to purchase and “Tequ Linjia” has agreed to sell 100% equity interests in “Shuanglin Education”.

The total consideration of the Shuanglin Education Equity Transfer Agreement is RMB50,000,000 (equivalent to approximately HK\$61,217,817), and shall be conducted in accordance with the terms and conditions of the Shuanglin Education Equity Transfer Agreement. Upon the completion of the Acquisition, Shuanglin Education will become a wholly-owned subsidiary of the Company.

#### **THE LOAN**

On 23 December 2021(after trading hours), Sichuan Hope (being the Consolidated Affiliated Entity) and Shuanglin Education has entered into the Loan Agreement, pursuant to which, Sichuan Hope agreed to provide a loan in the aggregate principal amount of RMB181,587,200 (equivalent to approximately HK\$222,335,200) to Shuanglin Education.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, “Tequ Linjia” is held as to 51% by Sichuan Tequ (a substantial shareholder of the Company), 24% by Sichuan Tequ Boxin Education Consulting Company Limited\*(四川特驅博信教育諮詢有限公司), 15% by Sichuan Hengbang Shuanglin Education Consulting Company Limited\*(四川恒邦雙林教育諮詢有限公司) and 10% by Chengdu Desheng Ronghe Enterprise Management Consulting Company Limited(成都德盛榮和企業管理諮詢有限公司). Therefore, Tequ Linjia, being the holding company of Sichuan Tequ, is a connected person of the Company, and the transaction under the Shuanglin Education Equity Transfer Agreement constitutes a connected transaction of the Company under the requirements of Chapter 14A of the Hong Kong Listing Rules.

According to Rule 14.07 of the Listing Rules, as all applicable percentage ratios in respect of the Acquisition and the Loan in aggregate are less than 5%, the Acquisition does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules; and as the Board (including all the independent non-executive Directors) has approved the Acquisition and the Loan and has confirmed that the terms of the Acquisition and the Loan are fair and reasonable, while the Acquisition and the Loan are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, therefore, the Acquisition and the Loan are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A.76 (2) (a) of the Listing Rules.

### **Confirmation of the Board**

He Shengli and Tang Jianyuan of the Company, who are considered to have material interests in the Acquisition, have abstained from voting on the relevant resolutions of the Board. Save for the above Directors, none of the other Directors has or is deemed to have a material interest in the above transactions.

### **ACQUISITION**

The Board is pleased to announce that, on 23 December 2021, "Sichuan Hope" (being the Consolidated Affiliated Entity) and "Tequ Linjia" entered into the "Shuanglin Education Equity Transfer Agreement".

Accordingly, "Sichuan Hope" has agreed to purchase and "Tequ Linjia" has agreed to sell 100% equity interests in "Shuanglin Education".

The total consideration of the Shuanglin Education Equity Transfer Agreement is RMB50,000,000 (equivalent to approximately HK\$61,217,817), and shall be conducted in accordance with the terms and conditions of the Shuanglin Education Equity Transfer Agreement. Upon the completion of the Acquisition, Shuanglin Education will become a wholly-owned subsidiary of the Company.

### **EQUITY TRANSFER AGREEMENTS**

The major terms of the "Shuanglin Education Equity Transfer Agreement" are set out below:

#### **Date**

23 December 2021

#### **Parties**

- (1) Sichuan Hope, as the purchaser; and
- (2) Tequ Linjia, as the vendor.

## **Subject matter**

“Sichuan Hope” has agreed to purchase and “Tequ Linjia” has agreed to sell 100% equity interests in “Shuanglin Education”, which shall be conducted in accordance with the terms and conditions of the Shuanglin Education Equity Transfer Agreement.

## **Consideration**

The total consideration of the Acquisition is RMB50,000,000 (equivalent to approximately HK\$61,217,817), which is determined with the vendor under arm’s length negotiation in consideration of the registered capital of Shuanglin Education.

The purchaser will pay the consideration in cash out of the net proceeds from the Company’s operation.

## **Payment**

Pursuant to the Shuanglin Education Equity Transfer Agreement, the consideration of the Acquisition shall be paid in the following manner:

Within two (2) working days after signing the Shuanglin Education Equity Transfer Agreement, the purchaser shall pay the transfer consideration to the vendor in one lump sum.

## **Completion**

Within five(5) working days after the purchaser paid the transfer consideration, the vendor shall transfer 100% equity interest in Shuanglin Education to the purchaser and complete the registration for the equity change and the change in industrial and commercial information (including but not limited to legal representative(s), composition of the board of directors and industrial and commercial constitution) of Shuanglin Education.

## **The LOAN AGREEMENT**

The major terms of the Loan Agreement are set out below:

### **Date**

23 December 2021

### **Parties**

- (1) Sichuan Hope, as the lender; and
- (2) Shuanglin Education, as the borrower.

## **Subject matter**

Sichuan Hope, as the lender, agreed to provide a loan in the aggregate principal amount of RMB181,587,200 (equivalent to approximately HK\$222,335,200) to Shuanglin Education, as the borrower, for the payment of the land premium (inclusive of tax).

## **Interest rate and interest payment**

The interest rate is 12% per annum, calculated from the date when the bank receipts of the lender confirm the transfer of funds, and settled annually. If the borrower repays the loan in advance, the interest shall be calculated based on the actual number of days used.

## **Term of the loan**

The term of the loan is 12 months, commencing from the date when the bank receipts of the lender confirm the transfer of funds. The borrower shall repay the principal and interest of the loan in full on the maturity date of the term of the loan.

## **Repayment**

The borrower shall repay the principal and interest of the loan in full to the bank account designated by the borrower on the maturity date of the term of the loan, and both parties may coordinate the early repayment.

## **INFORMATION ON THE PARTIES**

### **Information on the Company and the Purchaser**

#### ***The Company and Sichuan Hope***

The principal activity of the Company is investment holding and its subsidiaries, including its Consolidated Affiliated Entities, are principally engaged in provision of private formal higher education through private higher education institutions, including independent colleges and junior colleges, owned and operated by the Company. Sichuan Hope is a limited company established under the law of the PRC on 12 January 2005, and a Consolidated Affiliated Entity of the Company.

### **Information on the Vender**

#### ***Tequ Linjia***

Tequ Linjia is a limited company established under the law of the PRC on 29 January 2021. It is primarily engaged in education consultation services and other business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, saved as disclosed in this announcement, Tequ Linjia and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## Information on the Target Subject

### Shuanglin Education

Shuanglin Education is a limited company established under the law of the PRC on 5 February 2021. It is primarily engaged in education consultation services and other business.

The summary of the unaudited financial information of Shuanglin Education as of 30 November 2021 is set out below:

	<b>As of</b> <b>30 November</b> <b>2021</b> <i>RMB'000</i> (unaudited)
Profit before tax	-1,553.26
Profit after tax	-1,553.26

The carrying value of the unaudited net asset of Shuanglin Education as of 30 November 2021 is approximately RMB48.4 million (equivalent to approximately HK\$59.0 million).

Tequ Linjia's owner's equity in Shuanglin Education is RMB48.4 million (equivalent to approximately HK\$59.0 million), representing the accumulated capital contribution by Tequ Linjia to Shuanglin Education.

### REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE LOAN

Upon the completion of the Acquisition, Shuanglin Education will become the wholly-owned subsidiary of the Company. The Company's loan to Shuanglin Education will also be combined and used for payment (including taxes and property right fees) for its newly acquired 400 mu of land. The aforementioned land is located in Tianfu New District, a new national-level area in Sichuan Province, on the east side of Tianfu Avenue with a strategic location, which is available for the Company's high schools in Sichuan to build a modern industrial college characterized by smart railway transport, internet-of-things and big data. The Acquisition will further enhance the Company's capability to integrate production, education and research for its high schools, and better serve the development of Chengdu Metropolitan Area and Chengdu-Chongqing Economic Circle. The Board considers that the Acquisition will be beneficial to the Company and its shareholders as a whole, and will further enhance the Company's profitability and sustainability.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition and the Loan are fair and reasonable, and the Acquisition and the Loan are conducted on normal commercial terms or better terms in the ordinary and usual course of business of the Company and in line with the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, “Tequ Linjia” is held as to 51% by Sichuan Tequ (a substantial shareholder of the Company), 24% by Sichuan Tequ Boxin Education Consulting Company Limited\* (四川特驅博信教育諮詢有限公司), 15% by Sichuan Hengbang Shuanglin Education Consulting Company Limited\* (四川恒邦雙林教育諮詢有限公司) and 10% by Chengdu Desheng Ronghe Enterprise Management Consulting Company Limited (成都德盛榮和企業管理諮詢有限公司). Therefore, Tequ Linjia, being the holding company of Sichuan Tequ, is a connected person of the Company, and the transaction under the Shuanglin Education Equity Transfer Agreement constitutes a connected transaction of the Company under the requirements of Chapter 14A of the Hong Kong Listing Rules.

According to Rule 14.07 of the Listing Rules, as all applicable percentage ratios in respect of the Acquisition and the Loan in aggregate are less than 5%, the Acquisition and the Loan do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules; and as the Board (including all the independent non-executive Directors) has approved the Acquisition and the Loan and has confirmed that the terms of the Acquisition and the Loan are fair and reasonable, while the Acquisition and the Loan are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, therefore, the Acquisition and the Loan are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A.76 (2) (a) of the Listing Rules.

### Confirmation of the Board

He Shengli and Tang Jianyuan of the Company, who are considered to have material interests in the Acquisition, have abstained from voting on the relevant resolutions of the Board. Save for the above Directors, none of the other Directors has or is deemed to have a material interest in the above transactions.

*In this announcement, the exchange rate of HK\$1.00 to RMB0.83 (if applicable) is adopted for illustration purpose only. No representation is made that any amounts have been, could have been or could be converted at that rate or at any other rates.*

## DEFINITIONS

“Acquisition”	the acquisition of 100% equity interests in Shuanglin Education pursuant to the terms and conditions of the Shuanglin Education Equity Transfer Agreement
“Board”	the board of directors
“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
“Company’s Subsidiary(ies)”	the Company and its subsidiaries, including its consolidated affiliated entities
“connected person(s)”	shall have the same meaning ascribed to such term in the Listing Rules
“connected transaction(s)”	shall have the same meaning ascribed to such term in the Listing Rules
“Consolidated Affiliated Entities”	entities whose financial results have been consolidated and accounted for as the Company’s Subsidiaries by virtue of the variable interest entity structure
“Director(s)”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan made by Sichuan Hope to Shuanglin Education pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Sichuan Hope and Shuanglin Education on 23 December 2021 in relation to the Loan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share of US\$0.00001 each in the share capital of the Company
“Shuanglin Education Equity Transfer Agreement”	the equity transfer agreement entered into between Sichuan Hope and Tequ Linjia on 23 December 2021 in relation to the Acquisition

“Shuanglin Education”	Meishan Tequ Shuanglin Education Consultation Limited* (眉山特驅雙林教育諮詢有限公司), a limited company established under the law of the PRC on 5 February 2021
“Sichuan Hope”	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司), a limited company established under the law of the PRC on 12 January 2005, and a PRC consolidated entity
“Sichuan Tequ”	Sichuan Tequ Investment Group Limited, a limited company established under the law of the PRC on 28 June 2005 with limited liability, and a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall have the same meaning ascribed to such term in the Listing Rules
“Tequ Linjia”	Meishan Tequ Linjia Education Consultation Limited* (眉山特驅林嘉教育諮詢有限公司), a limited company established under the law of the PRC on 29 January 2021
“%”	per cent.

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

Hong Kong, 24 December 2021

*As at the date of this announcement, the Board of the Company comprises Mr. Xu Changjun, Mr. Wang Huiwu and Mr. Li Tao as executive Directors; Mr. Tang Jianyuan, Mr. Lu Zhichao and Mr. He Shengli as non-executive Directors; and Mr. Zhang Jin, Mr. Chen Yunhua and Dr. Gao Hao as independent non-executive Directors.*

\* For identification purpose only