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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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**HOPE EDUCATION GROUP CO., LTD.**

**希望教育集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1765)**

**(1) CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE ENTERING  
INTO THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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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 21 in this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 22 to 23 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 24 to 45 of this circular.

A notice convening the EGM to be held at 10:00 am on Friday, 21 January 2022 at the International Conference Hall, Homeland Hotel, No. 181 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 January 2022

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## DEFINITIONS

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|                              |   |
|------------------------------|---|
| “Annual Cap(s)”              | the aggregate annual value(s) to be paid by the Group under the transactions contemplated under the School Construction Framework Agreement effective from the Effective Date to 31 August 2024;                |
| “associate”                  | has the meaning ascribed thereto under the Listing Rules;   |
| “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;  |
| “connected person(s)”        | has the meaning ascribed to it under the Listing Rules;   |
| “controlling shareholder(s)” | shall have the same meaning ascribed to such term in the Listing Rules;   |
| “Directors”                  | the directors of the Company;   |
| “Effective Date”             | the effective date of the School Construction Framework Agreement, being the date which the conditions precedent of the School Construction Framework Agreement have been fulfilled;                            |
| “EGM”                        | the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps; |
| “Group”                      | the Company and its subsidiaries, including its consolidated affiliated entities;   |
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the PRC;   |
| “Hope Education”             | Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司), a company established under the laws of the PRC with limited liability on 12 January 2005 and one of the Company’s subsidiaries;               |

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## DEFINITIONS

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| “Independent Board Committee”                        | an independent committee of the Board (which comprises Mr. Zhang Jin, Mr. Chen Yunhua and Dr. Gao Hao, all of them are independent non-executive Directors) established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the School Construction Framework Agreement and the related Annual Caps;   |
| “Independent Financial Adviser”<br>or “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 School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps; |
| “Independent Shareholders”                           | Shareholders who are not interested in the School Construction Framework Agreement and are not required under the Listing Rules to abstain from voting on the resolutions to approve the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps at the EGM;   |
| “Latest Practicable Date”                            | 31 December 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;  |
| “RMB”  | Renminbi, the lawful currency of the PRC;  |
| “School Construction Framework Agreement”            | a school construction framework agreement dated 18 November 2021 entered into between Hope Education and Sichuan Wuyang;   |

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## DEFINITIONS

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| “Services”       | services covering construction, maintenance and project management related services including the provision of services as main contractor, project manager, consultant and sub-contractor for a variety of works including superstructure, foundation, civil engineering, maintenance, construction and interior decoration and other related services which may from time to time be provided by Sichuan Wuyang to Hope Education; |
| “SFO”            | the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong);   |
| “Shareholder(s)” | shareholder(s) of the Company;   |
| “Sichuan Wuyang” | Sichuan Wuyang Construction Engineering Limited Company* (四川五陽建築工程有限公司), a limited company established under the law of PRC on 5 February 2013 and indirectly and ultimately owned as to 55% by Mr. Wang Huiming* (汪輝明) and 45% by Ms. Liu Zhiqun* (劉治群), being connected person of the Company;   |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited; and   |
| “%”              | per cent.  |

*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 = RMB0.82 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).*

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LETTER FROM THE BOARD

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**HOPE EDUCATION GROUP CO., LTD.**

**希望教育集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1765)**

*Executive Directors*

Mr. Xu Changjun (*Chairman*)  
Mr. Wang Huiwu (*Chief Executive Officer*)  
Mr. Li Tao

*Registered Office:*

PO Box 309, Ugland 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 January 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE ENTERING  
INTO THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 18 November 2021 in relation to the entering into the School Construction Framework Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, amongst other things, (i) further details on the terms of the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Euto Capital to the Independent Board Committee and the Independent; and (iv) the notice and proxy forms of the EGM.

### **THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT**

#### **Date**

18 November 2021

#### **Parties**

- (1) Hope Education
- (2) Sichuan Wuyang

#### **Subject matter**

Pursuant to the School Construction Framework Agreement, Sichuan Wuyang will, if engaged by Hope Education or any of its subsidiaries after the relevant tender process, provide the Services for schools owned and operated by the Group. If Hope Education or any of its subsidiaries, after the relevant tender process, selects and engages Sichuan Wuyang to provide the Services, a separate agreement will be entered into in respect of each school construction project between the relevant entities of both parties which will set out the scope of services for such project and the specific terms and conditions pursuant to the principles stipulated in the School Construction Framework Agreement.

#### **Payment terms**

The payment terms are not provided under the School Construction Framework Agreement and will be determined on a case-by-case basis and set out in the relevant agreements as contemplated under the School Construction Framework Agreement.

#### **Term**

The School Construction Framework Agreement will be effective from the Effective Date to 31 August 2024, unless otherwise terminated in accordance with the terms and conditions thereunder.

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## LETTER FROM THE BOARD

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### Conditions precedent

The School Construction Framework Agreement and its performance are conditional upon the fulfilment of the following conditions:

- (1) any Independent Shareholder's approval of the contemplated transactions under the School Construction Framework Agreement and the Annual Caps in accordance with the Listing Rules; and
- (2) other consents or approvals to be obtained in relation to the contemplated transactions under the School Construction Framework Agreement in accordance with any applicable laws and regulations.

As of the Latest Practicable Date, the Board (other than Mr. Wang Huiwu, who has abstained from voting due to his interest in Sichuan Wuyang) approved the School Construction Framework Agreement and the Annual Caps and therefore the condition precedent as set out in item (2) above had been satisfied.

### Pricing basis

Sichuan Wuyang is required to go through the relevant tender process before being engaged by Hope Education or any of its subsidiaries to provide the Services to Hope Education. The Company will consider comprehensive elements in relation to construction technology, professional qualification, business reputation, project management, total expenses and other relevant elements, and make reference to the local market prices and charging basis for the same services proposed by independent third parties in future tender process to evaluate a supplier including Sichuan Wuyang. Each separate agreement of future construction project will be determined based on normal and reasonable commercial terms.

### Tender Process

The abovementioned tender process will be conducted in accordance with the relevant requirements under Tendering and Bidding Law of the PRC(《中華人民共和國招標投標法》), which typically include the following process:

***(1) For the Services with a consideration of not less than RMB5 million***

- (i) the Company will commence the tender process by publishing the invitation to bid in the relevant platform available for third-party service providers to place their bids;
- (ii) the minimum number of bidders is three, below which the validity of the tender will be prolonged until the minimum number of bidders is reached; and



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## LETTER FROM THE BOARD

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- (iii) after the third-party service providers finish submitting their bidding documents, the review committee will begin to assess and select the best bidder.

For the Services with a consideration of not less than RMB5 million, our review committee usually comprises one representative of our Group, two independent experts from civil engineering and construction industry, one independent accounting or financial expert, and one independent legal expert. The selection criteria adopted by our review committee vary depending on the Services required for a specific project, yet may usually include but not limited to (i) the qualification, (ii) financial results, (iii) years of experience, (iv) expertise, and (v) bidding price of the bidder.

**(2) *For the Services with a consideration of less than RMB5 million***

- (i) the Company will commence the tender by sending direct invitation to at least three service providers, which are either recommended by agents or have previously provided Services to us; and
- (ii) after the third-party service providers finish submitting their bidding documents, the review committee will begin to assess and select the best bidder.

For the Services with a consideration of less than RMB5 million, the members of review committee will be appointed by the independent non-executive Directors. The review committee usually comprises five independent members from the risk management department, financial management department, procurement management department and bidding management department.

Based on the abovementioned tender and selection process, we believe the interests of the Company and the Shareholders as a whole will be further safeguarded.

### **REASONS FOR AND BENEFITS OF THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT**

Taking into account (i) Sichuan Wuyang's experience and reputation in property development and construction; (ii) Sichuan Wuyang's track record in providing quality construction services to the schools owned and operated by our Group before the Company's listing in August 2018, particularly its reliability in delivering completed properties in a timely manner; (iii) Sichuan Wuyang's ability to select appropriate sub-contractors and manage them effectively; (iv) Sichuan Wuyang's in-depth understanding of school construction, which the Board considers to be relatively more customised than the construction of typically residential or commercial properties; and (v) our Group's needs as a school operator, the Board is of the view that it will be in the best interests of our Group and our Shareholders to enter into the School Construction Framework Agreement. The price and quality of deliverables of Sichuan Wuyang will be under constant review as set out below:

- (i) at the commencement of construction of each project, the Company will engage an independent third-party supervision company to supervise the quality of the Services during the whole process of construction;

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## LETTER FROM THE BOARD

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- (ii) prior to the acceptance of the Services, the Company will conduct an inspection on the construction site, after which, the relevant governmental quality inspection and supervision department will also conduct on-site inspection to examine the quality of the Services; and
- (iii) after the acceptance of the Services, Sichuan Wuyang will be responsible for maintenance and repair of the construction works for a period ranging from two to five years, and in case of significant structural parts, a life-long assurance period will be provided.

As such, we believe the quality and deliverables of the Services will be closely monitored and reviewed by us during and after the construction process. In the event that our Company is able to source a supplier who is able to deliver better quality Services at a lower price, we will consider replacing Sichuan Wuyang with such supplier.

### **HISTORICAL TRANSACTION AMOUNTS**

Save for the transactions disclosed in the prospectus of the Company, the Group did not enter into any new transaction with Sichuan Wuyang after the Company's listing in August 2018. The transactions with Sichuan Wuyang as disclosed in the Company's annual reports are for implementing the agreements entered into before the Company's listing.

Prior to the Company's listing in August 2018, Sichuan Wuyang was engaged by our Company in five construction projects for a period from 2016 to 2017, the service scope of which covered the main construction including interior decoration. The contract price of each project ranged from approximately RMB15 million to RMB144 million depending on the construction area and other specific requirements of each project.

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## LETTER FROM THE BOARD

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### ANNUAL CAPS FOR THE THREE YEARS ENDING 31 AUGUST 2024

In light of the business needs of the Company and the benefits of continuing transactions with Sichuan Wuyang, the Board proposes the Annual Caps for the transactions contemplated under the School Construction Framework Agreement for the three years ending 31 August 2024 as follows:

|             | <b>From the<br/>Effective Date<br/>to 31 August<br/>2022<br/>(RMB'000)</b> | <b>For the<br/>year ended<br/>31 August 2023<br/>(RMB'000)</b> | <b>For the<br/>year ended<br/>31 August 2024<br/>(RMB'000)</b> |
|-------------|--|--|--|
| Annual Caps | 1,060,500  | 1,071,000  | 1,180,725  |

#### Basis for the Annual Caps

As of the Latest Practicable Date, the Group has adopted an expansion plan to construct, expand and/or improved schools owned and operated by the Group in various provinces in the PRC. Based on such plan, the Annual Caps were determined by reference to, among other things,

- (1) the Group's expected timetable of its construction projects and business development plan in the next few years; and
- (2) the Group's estimated expenditure for the construction of projects involving existing campuses and new campuses in the next few years with reference to (i) the expected progress of projects involving existing campuses and new campuses by each milestone date as shown in the table below; (ii) the price of and the historical construction for the services provided by existing contractors of the Group; and (iii) local market prices of similar construction services; and
- (3) for transaction flexibility, Annual Caps including approximately 5% reasonable buffer to cater for inflation and currency fluctuations and on the principal assumptions that, during the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and Sichuan Wuyang. The basis of determining the buffer is set with reference to the producer price index in the PRC in the past 12 month to cater for uncertain changes during construction period including but not limited to the materials required, the government regulation and the future inflationary pressure pursuant to the average inflation rate in the PRC which the Company takes into account the necessity to retain a certain level of buffer to minimise the need to adjust the Annual Caps in future.

## LETTER FROM THE BOARD

Set out below are the details of the Group's expected timetable of 10 construction projects under the School Construction Framework Agreement for three years ending 31 August 2022, 2023 and 2024.

| Description                                   | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)  | Expected construction progress<br>for the year ending 31 August<br>2023<br>Milestone<br>(RMB'000) | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)   | Expected<br>contract sum<br>(RMB'000) |    |         |
|---|---|---|---|---------------------------------------|----|---------|
|   |   |   |   |                                       |    |         |
| <b>Projects involving existing campuses</b>   |   |   |   |                                       |    |         |
| Southwest Jiaotong University<br>Hope College | The college offered a total of 46 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the Western region. | 220,500   | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. | --                                    | -- | 220,500 |

## LETTER FROM THE BOARD

| Description  | from the Effective Date to |   | Expected construction progress  |                        | Expected contract sum<br>(RMB'000) |
|--|----------------------------|---|---|------------------------|------------------------------------|
|  | 31 August 2022             | 31 August 2023  | 31 August 2023  | 31 August 2024         |                                    |
|  | Milestone<br>(RMB'000)     | Milestone<br>(RMB'000)  | Milestone<br>(RMB'000)  | Milestone<br>(RMB'000) |                                    |
| Guizhou Qiannan Economic College   | --                         | 315,000   | 409,500   | 724,500                |                                    |
| The college has six colleges in aspects of finance, accounting, management, information, humanities and law, and Marxism. It has 29 undergraduate majors covering five disciplines including economics, management, engineering, arts and law. | --                         | Phase 1 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. | Phase 2 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. |                        |                                    |
| Guizhou Qiannan College of Science and Technology  | --                         | --  | 378,000   | 378,000                |                                    |
| The college has 5 professional education departments, namely literature department, law and public management department, engineering department, commerce department and art department as well as 2 public education units.                  | --                         | --  | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion.         |                        |                                    |

## LETTER FROM THE BOARD

| Description                                  | Expected construction progress   |   | Expected contract sum<br>(RMB'000)  |
|--|--|---|---|
|  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)   |   |
| Yinchuan University of Energy                | The university offered 37 undergraduate majors, covering 8 disciplines, had 3 provincial experimental teaching demonstration centres. It is the only private university in Ningxia that can enroll foreign students. | 31,500 Construction works including but not limited to general construction works, fitting-out works, façade works, final inspection, and completion. | 31,500  |
| Pioneer College of Inner Mongolia University | The college has 6 secondary colleges and 2 teaching departments, offering 28 undergraduate majors.   | 126,000 – façade works<br>– landscape   | 834,225   |
|  |  | 315,000 Construction works including but not limited to foundation works, general construction works, and fitting-out works.                          | 393,225 Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. |

## LETTER FROM THE BOARD

| Description                                    | Expected construction progress   |   | Expected contract sum<br>(RMB'000) |
|--|--|---|------------------------------------|
|  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)   |                                    |
| Gongqing College of Nanchang University        | 31,500 Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. | -- --   | 31,500                             |
| Suzhou Top Institute of Information Technology | The college offered 34 majors, specialising in computer and information and software technology majors.  | 178,500 Phase 2 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection, and completion. | 441,000                            |

## LETTER FROM THE BOARD

| Description                                | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | Expected construction progress  |   | Expected<br>contract sum<br>(RMB'000) |
|--|--|---|---|---------------------------------------|
|  |  | for the year ending<br>31 August 2023<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000) |                                       |
| Sichuan TOP IT Vocational<br>Institute     | The college offered<br>32 majors, specialising in<br>computer and information<br>and software technology<br>majors.                      | 147,000 Construction works<br>including but not<br>limited to<br>foundation works,<br>general<br>construction works,<br>fitting-out works,<br>façade works,<br>landscape, final<br>inspection, and<br>completion. | -- --   | 147,000                               |
| <b>Projects involving new<br/>campuses</b> |  |   |   |                                       |
| Project A                                  | Located in Hubei, a private<br>vocational full-time<br>tertiary education college<br>with planned total student<br>enrollment of 10,000. | 252,000 Construction works<br>including but not<br>limited to<br>foundation works,<br>general<br>construction works,<br>fitting-out works,<br>façade works,<br>landscape, final<br>inspection, and<br>completion. | -- --   | 252,000                               |



## LETTER FROM THE BOARD

| Description  | Expected construction progress   |  |   | Expected contract sum<br>(RMB'000) |
|--|--|--|---|------------------------------------|
|  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August<br>2023<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000) |                                    |
| Project B<br><br>Located in Guangxi, a private vocational full-time college with diploma education, this college promotes the integration of traditional industries and modern industries with planned total student enrollment of 10,000. | 52,500<br>Construction works including but not limited to foundation works, general construction works, and fitting-out works. | 199,500<br>Construction works including but not limited to general construction works, fitting-out works, façade works, landscape, final inspection, and completion. | --  | 252,000                            |
| <b>Annual Caps</b>   | <u>1,060,500</u>   | <u>1,071,000</u>   | <u>1,180,725</u>  | <u>3,312,225.0</u>                 |

In particular, the basis for estimating the expected contract sum of each of the construction projects in the above table is determined by taking into account of the historical transaction amounts of the Group's previous construction projects with independent third parties. Pursuant to the calculation of unit price (which is calculated by dividing the historical contract sum by corresponding total gross floor area ("GFA")) of the projects, the Company considered the historical unit cost was approximately RMB3,000 per square meter, which was based on the data of 7 completed construction projects of the Group in the past three years. The compared contracts are (i) mainly the constructions of school campuses projects located in various provinces in the PRC where the Group's projects involving existing campuses and new campuses will be situated; (ii) involving construction works of comprehensive buildings blocks such as teaching blocks, library, teacher and student quarters; and (iii) had a construction duration which lasted for a period of 9 to 18 months. Therefore, the Directors considered the services provided under the compared contracts are of similar nature as the Services under the School Construction Framework Agreement. Accordingly, the expected contract sum was calculated by using unit price of RMB3,000 per square meter for each of the projects as shown above.

For avoidance of doubt, the expected contract sum as shown above has taken into account of the 5% buffer to cater for inflation and currency fluctuations, which is one of the factors in determining the Annual Caps. Hence, the Annual Caps mirror the expected expenditure of the construction projects under the School Construction Framework Agreement as of each milestone date (i.e. three years ended 31 August 2022, 2023 and 2024 respectively).

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## LETTER FROM THE BOARD

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**Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.**

### INTERNAL CONTROL

The Group will adopt the following measures to protect the interests of the Independent Shareholders under the School Construction Framework Agreement:

- (i) adoption of an independent mechanism to govern and monitor the selection process for the Company's potential bidders, of which an internal tender review committee comprising members appointed by the independent non-executive Directors, will be established for reviewing the terms and conditions of tenders, monitoring the relevant tenders' compliance with the relevant laws and regulations and screening out unsuitable tenders;
- (ii) the Company's finance department will monitor and record the actual transaction amounts of the transactions contemplated under the School Construction Framework Agreement to ensure that the Annual Caps will not be exceeded on a monthly basis. In this regard, we believe this control procedures could ensure that the Annual Caps will not be exceeded and the continuing connected transactions contemplated under the School Construction Framework Agreement since the progress and utilisation of the proposed Annual Caps will be regularly monitored by the Company's finance department;
- (iii) the Company's external auditors will review the transactions as contemplated under the School Construction Framework Agreement on an annual basis and confirm whether (a) such transactions have been approved by the Board; (b) such transactions were entered into in accordance with the terms of the School Construction Framework Agreement; and (c) the Annual Caps have been exceeded. The Company shall engage its auditor to report on the continuing connected transactions every year and to comment on the above-mentioned issues pursuant to rule 14A.56 to 14A.58 of the Listing Rules. As such, the Company's auditor will review the transactions contemplated under the School Construction Framework Agreement to confirm that the transactions thereunder have not exceeded the Annual Caps on a yearly basis; and
- (iv) the independent non-executive Directors will review the transactions contemplated under the School Construction Framework Agreement on an annual basis to confirm whether such transactions are conducted (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the terms of the School Construction Framework Agreement that are fair and reasonable and in the interests of the Shareholders as a whole. All of our independent non-executive Directors have extensive experience in accounting and

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## LETTER FROM THE BOARD

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business operations and are capable of fully implementing the relevant internal control measures in respect of the transactions contemplated under the School Construction Framework Agreement.

Our internal control practice of governing the continuing connected transactions is similar to that of other listed companies on the main board of the Stock Exchange, such as reviewing the continuing connected transactions by auditor and independent non-executive directors on a regular basis. In light of the usual practice of the other listed companies on the Stock Exchange and our internal control procedures as set out above to be imposed on the continuing connected transactions, in particular, (i) the reporting system to restrict the maximum value of the continuing connected transactions by way of the Annual Caps; and (ii) the ongoing regular review by the auditors and the independent non-executive Directors of the Company of the terms of the continuing connected transactions and the relevant Annual Caps not being exceeded, our Directors (including the independent non-executive Directors) are of the view that the procedures to be adopted by the Group to govern the continuing connected transactions are sufficient and effective to ensure that such transactions will be conducted under normal commercial terms and are not prejudicial to the interest of the Company and the Independent Shareholders.

The Directors consider that the proposed internal control system of the Group is adequate to ensure that the transactions as contemplated under the School Construction Framework Agreement will be on normal commercial terms and no less favourable to the Company than those offered by independent third parties.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang Huiwu\* (汪輝武) is the controlling shareholder, executive Director and chief executive officer of the Company, and Sichuan Wuyang is a company held indirectly by his brother Mr. Wang Huiming\* (汪輝明) and his sister-in-law Ms. Liu Zhiquan\* (劉治群) as to 55% and 45% respectively. As such, the transactions contemplated under the School Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Annual Caps for the transactions contemplated under the School Construction Framework Agreement is expected to exceed 5% and the Annual Caps are more than HK\$10,000,000, such transactions are regarded as non-exempt continuing connected transactions of our Group which will be subject to the reporting, announcement, circular, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Huiwu is deemed to have material interests in the transactions contemplated under the School Construction Framework Agreement and therefore has abstained from voting on the relevant resolutions at the Board meeting. Save for the above Director, no other Directors have a material interest in such transactions.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE RELEVANT PARTIES

#### Information about the Company, Hope Education and Sichuan Wuyang

##### *The Company*

The principal business of the Company is investment holding, and its subsidiaries are principally engaged in provision of private higher education services through the Group's owned and operated higher education schools, including independent colleges and junior colleges.

##### *Hope Education*

Hope Education is a subsidiary of the Company and principally engaged in education management and education industry investment.

##### *Sichuan Wuyang*

Sichuan Wuyang Construction Engineering Limited Company\* (四川五陽建築工程有限公司) is a limited company established under the law of PRC on 5 February 2013 and held indirectly and ultimately by Mr. Wang Huiming and Ms. Liu Zhiqun as to 55% and 45% respectively. Its principal business activities include, among others, carrying out building construction, interior design and renovation.

### CONFIRMATION BY THE BOARD

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser and Mr. Wang Huiwu who has abstained from voting due to his interest in the School Construction Framework Agreement), are of the view that, the terms of the School Construction Framework Agreement are fair and reasonable, on normal commercial terms and no less favourable to the Company than those offered by independent third parties; and the School Construction Framework Agreement is entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser and Mr. Wang Huiwu who has abstained from voting due to his interest in the School Construction Framework Agreement), also believe that the Annual Caps set out for the transactions contemplated under the School Construction Framework Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Company's controlling shareholder, chief executive officer and executive Director, Mr. Wang Huiwu, with his brother Mr. Wang Huiming and his sister-in-law, Ms. Liu Zhiqun jointly and indirectly wholly owning Sichuan Wuyang, is deemed to have material interests in the continuing connected transactions contemplated under the School Construction Framework Agreement and has abstained from voting on the relevant resolution of the Board. Save for the Director mentioned above, none of the other Directors is or is deemed to have a material interest in the above transactions.

### GENERAL

The Company has established the Independent Board Committee to advise the Independent Shareholders in relation to the transactions contemplated under the School Construction Framework Agreement and the Annual Caps. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard under the Listing Rules.

Since the Company's executive Director, Mr. Wang Huiwu, is deemed to have material interests in the transactions contemplated under the School Construction Framework Agreement and therefore has abstained from voting on the relevant resolutions at the Board meeting.

### EGM

The EGM will be convened and held at 10:00 am on Friday, 21 January 2022 at the International Conference Hall, Homeland Hotel, No. 181 Jichang Road, Chengdu, Sichuan, China for the purpose of considering and, if thought fit, approving the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps.

To the best of the knowledge and belief of the Directors after making all reasonable enquiries, save and except for Mr. Wang Huiwu and his associates (including Hope Education Investment Limited, a controlling shareholder of the Company which held 4,140,948,240 Shares (representing 51.60% of the issued share capital of the Company) as at the Latest Practicable Date), shall be required to abstain from voting in respect of the resolutions that would be proposed to approve the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Cap, no other Shareholder has a material interest in the School Construction Framework Agreement and the transactions contemplated

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## LETTER FROM THE BOARD

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thereunder, and is required to abstain from voting on the resolution(s) of the Company in approving the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, 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.

The notice of EGM is set out on page EGM-1. 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 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 Tuesday, 18 January 2022 to Friday, 21 January 2022, 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 Monday, 17 January 2022.

### **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 School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps are in the ordinary and usual course of business of the Company, on normal commercial terms, 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 School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee as set out on pages 22 to 23 of this circular which contains its recommendation to the Independent Shareholders in relation to the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps after taking into account the advice of Euto Capital, and the letter from Euto Capital as set out on pages 24 to 45 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the School Construction Framework Agreement and the transactions contemplated thereunder, and the Annual Caps.

### 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*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*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) CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE ENTERING  
INTO THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 5 January 2022 (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 in respect of the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps, details of which are set out in the section headed “Letter from the Board” in the Circular. Euto Capital 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 21 of the Circular; (ii) the letter from the Independent Financial Adviser as set out on pages 24 to 45 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps 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.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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 School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps are: (i) fair and reasonable as far as the Independent Shareholders are concerned; and (ii) 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 EGM to approve the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

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*

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## LETTER FROM EUTO CAPITAL

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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 January 2022

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

Dear Sirs and Madams,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE ENTERING INTO THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT**

#### **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 School Construction Framework Agreement contemplated thereunder and the Annual Caps (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 January 2022 (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 18 November 2021 (after trading hours), Hope Education, one of the Company’s subsidiaries, entered into the School Construction Framework Agreement with Sichuan Wuyang, pursuant to which Sichuan Wuyang shall provide construction services for schools of the Group.

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

As at the Latest Practicable Date, Mr. Wang Huiwu\* (汪輝武) is the controlling shareholder, executive Director and chief executive officer of the Company, and Sichuan Wuyang is a company held indirectly by his brother Mr. Wang Huiming\* (汪輝明) and his sister-in-law Ms. Liu Zhiqun\* (劉治群) as to 55% and 45% respectively. As such, the transactions contemplated under the School Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM EUTO CAPITAL

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As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Annual Caps for the transactions contemplated under the School Construction Framework Agreement is expected to exceed 5% and the Annual Caps are more than HK\$10,000,000, such transactions are regarded as non-exempt continuing connected transactions of the Group which will be subject to the reporting, announcement, circular, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Huiwu is deemed to have material interests in the transactions contemplated under the School Construction Framework Agreement and therefore has abstained from voting on the relevant resolutions at the Board meeting. Save for the above Director, no other Directors have a material interest in such transactions.

### 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 School Construction Framework Agreement contemplated thereunder and the Annual Caps 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 School Construction Framework Agreement and the transactions contemplated thereunder and the Annual Caps 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. None of the members of the Independent Board Committee has any material interest in the Transaction.

### 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.

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## LETTER FROM EUTO CAPITAL

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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 Ms. Wendy Liu (“**Ms. Liu**”) 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 Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2014. Each of Ms. Wong and Ms. Liu was participated in and completed various independent financial advisory transactions in Hong Kong.

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 was engaged as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to the Company’s discloseable transaction (details of which were set out in the Company’s circulars dated 5 November 2021) (“**Previous Engagement**”). Save for the aforesaid engagement, there was no other service provided by Euto Capital to the Company during the past two years immediately preceding the Latest Practicable Date. As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as relevant to our independence. Given (i) none of the circumstances as set out in Rule 13.84 of the Listing Rules exists regarding our appointment as the Independent Financial Adviser; and (ii) the total service fee received by us in relation to the Previous Engagement and the total service fee payable to us in relation to this appointment accounted for an immaterial part of our total revenue for the financial year ending 31 December 2021, we are qualified to give independent advice in respect of the Transactions.

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 School Construction Framework Agreement and the transactions contemplated thereunder and the Annual Caps.

### **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 School Construction Framework Agreement contemplated thereunder and the Annual Caps, 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**”).

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## LETTER FROM EUTO CAPITAL

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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.

We have assumed that the transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

We consider that we have reviewed all currently available information and documents, among others: (i) the prospectus of the Company dated 24 July 2018; (ii) the annual report of the Company for the eight months ended 31 August 2020 (the “**Annual Report**”); (iii) the interim report of the Company for the six months ended 28 February 2021; (iv) the annual results announcement for the year ended 31 August 2021 (“**Annual Results Announcement 2021**”); (v) the announcement of the Company dated 18 November 2021 in relation to the entering into of the School Construction Framework Agreement; (vi) the historical transactions documents between the Group and other independent construction companies; (vii) the basis and assumption of the transactions contemplated under the School Construction Framework Agreement and the Annual Caps; and (viii) the internal control guideline of the Company which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice.

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## LETTER FROM EUTO CAPITAL

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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 School Construction Framework Agreement and the transactions contemplated thereunder and the Annual Caps, 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

The Board of Directors announced that on 18 November 2021 (after trading hours), Hope Education, one of the Company's subsidiaries, entered into the School Construction Framework Agreement with Sichuan Wuyang in relation to the provision of Services by Sichuan Wuyang to Hope Education.

##### *1.1 Information of the Company, Hope Education 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 principal business of the Company is investment holding, and its subsidiaries are principally engaged in provision of private higher education services through the Company's own and operated higher education schools, including independent colleges and junior colleges.

Hope Education is a subsidiary of the Company and principally engaged in education management and education industry investment.

##### *1.2 Information of Sichuan Wuyang*

Sichuan Wuyang Construction Engineering Limited Company\* (四川五陽建築工程有限公司) is a limited company established under the law of PRC on 5 February 2013 and held indirectly and ultimately by Mr. Wang Huiming\* (汪輝明) and Ms. Liu Zhiqun\* (劉治群) as to 55% and 45% respectively. Its principal business activities include, among others, carrying out building construction, interior design and renovation.

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## LETTER FROM EUTO CAPITAL

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In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the School Construction Framework Agreement, the transactions contemplated thereunder and the Annual Caps, we have taken into account the principal factors and reasons set out below:

### **2. Reasons for and benefits of entering into the School Construction Framework Agreement**

As set out in the announcement issued by the Company dated 18 November 2021, we noticed that the Company has taken into consideration that (i) Sichuan Wuyang's experience and reputation in property development and construction; (ii) Sichuan Wuyang's track record in providing quality construction services to the schools owned and operated by the Group, particularly its reliability in delivering completed properties in a timely manner; (iii) Sichuan Wuyang's ability to select appropriate sub-contractors and manage them effectively; (iv) Sichuan Wuyang's in-depth understanding of school construction, which the Board considers to be relatively more customized than the construction of typical residential or commercial properties; and (v) the Group's needs as a school operator, the Board is of the view that it will be in the best interests of the Group and the Shareholders to enter into the School Construction Framework Agreement. The price and quality of deliverables of Sichuan Wuyang will be under constant review as set out below:

- (i) at the commencement of construction of each project, the Company will engage an independent third-party supervision company to supervise the quality of the Services during the whole process of construction;
- (ii) prior to the acceptance of the Services, the Company will conduct an inspection on the construction site, after which, the relevant governmental quality inspection and supervision department will also conduct on-site inspection to examine the quality of the Services; and
- (iii) after the acceptance of the Services, Sichuan Wuyang will be responsible for maintenance and repair of the construction works for a period ranging from two to five years, and in case of significant structural parts, a life-long assurance period will be provided.

As such, the Company believe the quality and deliverables of the Services will be closely monitored and reviewed by the Company during and after the construction process. In the event that the Company is able to source a supplier who is able to deliver better quality Services at a lower price, the Group will consider replacing Sichuan Wuyang with such supplier.

As advised by the Management, Sichuan Wuyang previously provided the Group with certain construction services, such as the construction of Sichuan Tianyi College and Jinci College of Shanxi Medical University. We have obtained and reviewed the (i) construction contracts entered into between the Group and Sichuan Wuyang and (ii) the report for the final acceptance of construction work in relation to the projects involving Sichuan Wuyang.

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## LETTER FROM EUTO CAPITAL

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According to our research conducted on the public online search platform Tianyancha (天眼查), Sichuan Wuyang was established in February 2013 with over eight years of operating history. It is mainly engaged in the construction of residential projects and school complexes in the PRC and has obtained relevant qualifications certifications in relation to building contractor and construction engineering. Since the incorporation of Sichuan Wuyang, 15 projects has been completed primarily consist of 8 real estate projects and 7 school construction projects out of which 7 are the projects of the Group. In view of the fact that (i) the Group did engage Sichuan Wuyang in their previous projects and (ii) Sichuan Wuyang is experienced in the field of constructions, we are of the view that Sichuan Wuyang is familiar in meeting the requirements and the expectations of the Group.

Having considered the above, and particularly, the entering into the School Construction Framework Agreement will enable the stability in the construction service to be provided by Sichuan Wuyang to the Group due to the familiarity of meeting the requirements and expectation of the Group, we are of the view that the entering into of the School Construction Framework Agreement, are conducted in the ordinary and usual course of the Group's business and are in the interests of both the Company and the Shareholders as a whole.

### **3. Principal terms of the School Construction Framework Agreement**

As extracted from the "Letter from the Board" in the Circular, the principal terms of the School Construction Framework Agreement are set out below:

***Date***

18 November 2021

***Parties***

- (i) Hope Education
- (ii) Sichuan Wuyang

***Subject matter***

Pursuant to the School Construction Framework Agreement, Sichuan Wuyang will, if engaged by Hope Education or any of its subsidiaries after the relevant tender process, provide the Services for schools owned and operated by the Group. If Hope Education or any of its subsidiaries, after the relevant tender process, select and engage Sichuan Wuyang to provide the Services, a separate agreement will be entered into in respect of each school construction project between the relevant entities of both parties which will set out the scope of services for such project and the specific terms and conditions pursuant to the principles stipulated in the School Construction Framework Agreement.



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## LETTER FROM EUTO CAPITAL

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### *Payment terms*

The payment terms are not provided under the School Construction Framework Agreement and will be determined on a case-by-case basis and set out in the relevant agreements as contemplated under the School Construction Framework Agreement.

### *Term*

The School Construction Framework Agreement will be effective from the Effective Date to 31 August 2024, unless otherwise terminated in accordance with the terms and conditions thereunder.

### *Conditions precedent*

The School Construction Framework Agreement and its performance are conditional upon the fulfillment of the following conditions:

- (a) any Independent Shareholder's approval of the contemplated transactions under the School Construction Framework Agreement and the Annual Caps in accordance with the Listing Rules; and
- (b) other consents or approvals to be obtained in relation to the contemplated transactions under the School Construction Framework Agreement in accordance with any applicable laws and regulations.

As of the Latest Practicable Date, the Board (other than Mr. Wang Huiwu, who has abstained from voting due to his interest in Sichuan Wuyang) approved the School Construction Framework Agreement and the Annual Caps and therefore the condition precedent as set out in item (b) above had been satisfied.

### *Pricing basis*

Sichuan Wuyang is required to go through the relevant tender process before being engaged by Hope Education or any of its subsidiaries to provide the Services to Hope Education. The Company will consider comprehensive elements in relation to construction technology, professional qualification, business reputation, project management, total expenses and other relevant elements and make reference to the local market prices and charging basis for the same services proposed by independent third parties in future tender process to evaluate a supplier including Sichuan Wuyang. Each separate agreement of future construction project will be determined based on normal commercial terms.

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## LETTER FROM EUTO CAPITAL

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### *Our analysis regarding the School Construction Framework Agreement*

We have (i) reviewed the School Construction Framework Agreement which mentions that the terms of services to be rendered by Sichuan Wuyang to the Group as contemplated under the School Construction Framework Agreement; and (ii) obtained sample construction service contracts entered into between the Group and other independent service providers in relation to 12 projects of the Group in the past three years. We compared the principal terms of the abovementioned construction service contracts and found that the nature of construction services provided by other independent service providers, under the contracts which we have obtained for sampling is similar to the construction services to be provided under the School Construction Framework Agreement. Given that we have reviewed the sample construction service contracts entered into between the Group and other independent service providers in relation to 12 projects of the Group, which represent 100% of the construction projects constructed by the Group in the past three years, we consider our sample coverage is representative. We are therefore of the view that the terms of the service contracts under the School Construction Framework Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group.

Moreover, as set out in the tender documents and internal control policy of the Company, the Company would review the quotations from all services providers after the tender process. Apart from quotations, the Company would take into consideration the services providers' qualification, reputation and financial performance. Most of the tender submission will be done publicly according to the relevant PRC laws and regulations to ensure fairness. Set out below is the general tender process:

***(1) Public tender – For the Services with a consideration of not less than RMB5 million***

- (i) the Company will commence the tender process by publishing the invitation to bid in the relevant platform available for third-party service providers to place their bids;
- (ii) the minimum number of bidders is three, below which the validity of the tender will be prolonged until the minimum number of bidders is reached; and
- (iii) after the third-party service providers finish submitting their bidding documents, the review committee will begin to assess and select the best bidder.

In addition, the review committee for public tender usually comprises one representative of the Group, two independent experts from civil engineering and construction industry, one independent accounting or financial expert, and one independent legal expert. The selection criteria adopted by the review committee vary depending on the Services required for a specific project, yet may usually include but not limited to (i) the qualification; (ii) financial results; (iii) years of experience; (iv) expertise; and (v) bidding price of the bidder.

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## LETTER FROM EUTO CAPITAL

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(2) *Private tender – For the Services with a consideration of less than RMB5 million*

- (i) the Company will commence the tender by sending direct invitation to at least three service providers, which are either recommended by agents or have previously provided Services to us; and
- (ii) after the third-party service providers finish submitting their bidding documents, the review committee will begin to assess and select the best bidder.

For the Services with a consideration of less than RMB5 million, the construction works usually completed within a short period. Moreover, these construction works mostly related to addition works based on the main construction projects. Due to time restriction and project nature, the company considered that it will be more efficient to conduct the bidding by way of private tender for Services with a consideration less than RMB5 million. For the tender done privately, during the selection process, a tender review committee appointed by the independent non-executive Directors will be formed. The committee will be comprised of five independent members from the risk management department, financial management department, procurement management department and bidding management department.

The abovementioned tender process will be conducted in accordance with the relevant requirements under Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》). Since any connected persons who are interested in the relevant tender will have to be abstained from the selection process to ensure fairness, we believe this could further safeguard the interests of the Company and the Shareholders as a whole.

By reviewing the Group's tender policy, we noted that all potential bidders for the Group's construction works are subject to a standard and systematic tender review procedure maintained by the Group. Both the connected persons and independent third parties will follow the same procedure. We have obtained and reviewed sample documents with regards to the tender process including but not limited to the bidding documents, tender submission documents and the bidding evaluation report showing the number of potential bidders, members of the tender review committee, the selection criteria etc., and noted that the tender submission process was carried out in accordance to the internal control procedures of the Group. Based on the above, we are of the view that the bidding methods and procedures of the Group in place can ensure all tender process to be conducted in a fair and reasonable manner. We obtained and reviewed the tender documents in relation to 8 projects of the Group, with contract amount of over RMB5.0 million. The contract sum of the projects which went through tendering process we reviewed amounted to approximately RMB1,149.8 million, representing over 90.0% of the total contract sum of the projects which went through tendering process in the past two years. We consider our sample coverage is representative.

After having conducted the aforementioned works, we are of the view that the terms of the School Construction Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM EUTO CAPITAL

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### 4. The Annual Caps

Save for the transactions disclosed in the prospectus of the Company, the Group did not enter into any new transaction with Sichuan Wuyang after the Company's listing in August 2018. The transactions with Sichuan Wuyang as disclosed in the Company's annual reports are for implementing the agreements entered into before the Company's listing.

Prior to the Company's listing in August 2018, Sichuan Wuyang was engaged by our Company in five construction projects for a period from 2016 to 2017, the service scope of which covered the main construction including interior decoration. The contract price of each project ranged from approximately RMB15 million to RMB144 million depending on the construction area and other specific requirements of each project.

In our assessment of the reasonableness of the Annual Caps under the School Construction Framework Agreement, we have reviewed the estimated total amount of construction services to be purchased by the Group from Sichuan Wuyang for the three years ending 31 August 2024 and the underlying basis and assumptions respectively. We have discussed with the Company regarding the below factors and concurred with the Company's view that it is reasonable and in the interests of both the Company and the Shareholders to set the Annual Caps at the proposed levels, after taking the following into consideration:

- (i) the historical transaction amounts in respect of the Group's previous construction projects with independent third parties. Pursuant to the calculation of unit price (which is calculated by dividing the historical contract sum by corresponding total gross floor area ("GFA")) of the projects, we found that the Company considered the historical unit cost was approximately RMB3,000 per square meter. Based on the information provided by the Company, we noted that the average unit cost was calculated based on the data of 7 completed construction projects of the Group in the past three years. The compared contracts are (i) mainly the constructions of school campuses projects located in various provinces in the PRC where the Group's projects involving existing campuses/new campuses are/will be situated; (ii) involving construction works of comprehensive buildings blocks such as teaching blocks, library, teacher and student quarters; and (iii) had a construction duration which lasted for a period of 9 to 18 months. Therefore, the Directors considered the services provided under the compared contracts are of similar nature as the Services under the School Construction Framework Agreement;
- (ii) the Group's construction plans and the expected timetable of its construction projects on hand in the next few years, taking into account the Group's plans to expand the scale of its existing school operations and increase student enrollment in its schools. According to the Annual Report, the Company is continuously expanding since the listing in 2018, the number of schools under the Company is 22 as at the Latest Practicable Date. The Company is expecting the number of schools will increase to 24 in the foreseeable future, and the number is doubled as compared to the number during their listing. As at 1 November 2021, there are over 230,000

## LETTER FROM EUTO CAPITAL

full-time students, a record high of the Company. Furthermore, we have reviewed either the signed agreements or the drawing plans and proposals of the Company stating the estimated GFA of each project to be constructed in the three years ending 31 August 2024;

- (iii) the Group's business development plans in the next few years, including the expansion of business operation through increasing student enrollment, according to the Implementation Plan for Accelerating the Conversion of Independent Colleges\* (《關於加快推進獨立學院轉設工作的實施方案》) issued by the Ministry of Education of the PRC on 15 May 2020, we note that the government encourages education institutions to consider developing an independent privately-owned colleges, which is in line with the needs of expanding the Group's existing school campuses and development of new campuses. Therefore, it is reasonable for the Company to procure construction services for its expansion; and
- (iv) the Group's estimated expenditure for the construction of new school campuses and expansion of existing campuses in the next few years, taking into account the historical construction price for the services provided by existing independent services providers and local market price of similar construction services.

Based on the discussion with the Management, we understand that the school capacity, equipment, quality assurance systems, should be improved from time to time to meet the requirements of being higher education services in the future. In order to expand the scale of its school operations and to source contractors, the Group intends to allow Sichuan Wuyang to participate in the tender process in relation to the provision of Services. Set out below are details of the Group's construction plans with estimated amount of construction fee based on aggregate GFA of approximately 1,012,000 square meters in its new and existing school campuses:

| Details of construction works   | Total GFA<br>(sq.m.) | Total contract sum<br>(RMB' million) | Estimated amount of construction fees for                                    |   |   |
|---|----------------------|--------------------------------------|--|---|---|
|   |                      |                                      | the period from<br>the Effective Date<br>to 31 August 2022<br>(RMB' million) | the year ending<br>31 August 2023<br>(RMB' million) | the year ending<br>31 August 2024<br>(RMB' million) |
| Expansion of existing campuses involving the construction of a number of comprehensive buildings including but not limited to teaching blocks, library and teacher and student quarters | 852,000              | 2,808.2                              | 1,008.0  | 619.5   | 1,180.7   |
| Development of new campuses involving the construction of a number of comprehensive buildings including but not limited to teaching blocks, library and teacher and student quarters    | 160,000              | 504.0                                | 52.5   | 451.5   | –   |
| <b>Total</b>  | <b>1,012,000</b>     | <b>3,312.2</b>                       | <b>1,060.5</b>   | <b>1,071.0</b>                                      | <b>1,180.7</b>                                      |

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**LETTER FROM EUTO CAPITAL**

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The Annual Caps for the three years ending 31 August 2022, 2023 and 2024 under the School Construction Framework Agreement in relation to 10 projects are set out below:

| Description                                   | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)  | Expected construction progress                                  |  | Expected<br>contract sum<br>(RMB'000) |
|---|---|---|--|---------------------------------------|
|   |   | for the year ending 31 August<br>2023<br>Milestone<br>(RMB'000) | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)  |                                       |
| <b>Projects involving existing campuses</b>   |   |   |  |                                       |
| Southwest Jiaotong University<br>Hope College | The college offered a total of 46 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the Western region. | 220,500   | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. | 220,500                               |

**LETTER FROM EUTO CAPITAL**

| Description                                       | Expected construction progress   |  | Expected contract sum<br>(RMB'000)   |         |
|---|--|--|--|---------|
|   | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)  |  |         |
| Guizhou Qiannan Economic College                  | The college has six colleges in aspects of finance, accounting, management, information, humanities and law, and Marxism. It has 29 undergraduate majors covering five disciplines including economics, management, engineering, arts and law. | 315,000 Phase 1 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. | 409,500 Phase 2 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. | 724,500 |
| Guizhou Qiannan College of Science and Technology | The college has 5 professional education departments, namely literature department, law and public management department, engineering department, commerce department and art department as well as 2 public education units.                  | --   | 378,000 Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion.         | 378,000 |

**LETTER FROM EUTO CAPITAL**

| Description                                  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | Expected construction progress                                     |  | Expected<br>contract sum<br>(RMB'000) |
|--|--|--|--|---------------------------------------|
|  |  | for the year ending<br>31 August<br>2023<br>Milestone<br>(RMB'000) | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)  |                                       |
| Yinchuan University of Energy                | The university offered 37 undergraduate majors, covering 8 disciplines, had 3 provincial experimental teaching demonstration centres. It is the only private university in Ningxia that can enroll foreign students. | 31,500   | Construction works including but not limited to general construction works, fitting-out works, façade works, final inspection and completion.                              | 31,500                                |
| Pioneer College of Inner Mongolia University | The college has 6 secondary colleges and 2 teaching departments, offering 28 undergraduate majors.   | 126,000  | Construction works including but not limited to façade works and landscape   | 834,225                               |
|  |  | 315,000  | Construction works including but not limited to foundation works, general construction works and fitting-out works.  |                                       |
|  |  | 393,225  | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. |                                       |



**LETTER FROM EUTO CAPITAL**

| Description                                    | Expected construction progress  |  | Expected contract sum<br>(RMB'000) |
|--|---|--|------------------------------------|
|  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)  | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)  |                                    |
| Gongqing College of Nanchang University        | 31,500 Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. | -- --  | 31,500                             |
| Suzhou Top Institute of Information Technology | The college offered 34 majors, specialising in computer and information and software technology majors.   | 178,500 Phase 2 construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. | 441,000                            |

**LETTER FROM EUTO CAPITAL**

| Description  | Expected construction progress   |  | Expected contract sum<br>(RMB'000) |
|--|--|--|------------------------------------|
|  | from the Effective Date to<br>31 August 2022<br>Milestone<br>(RMB'000)   | for the year ending<br>31 August 2024<br>Milestone<br>(RMB'000)  |                                    |
| Sichuan TOP IT Vocational Institute  | 147,000  | --   | 147,000                            |
| The college offered 32 majors, specialising in computer and information and software technology majors.                      | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. |  |                                    |
| <b>Projects involving new campuses</b>   |  |  |                                    |
| Project A  | --   | 252,000  | 252,000                            |
| Located in Hubei, a private vocational full-time tertiary education college with planned total student enrollment of 10,000. |  | Construction works including but not limited to foundation works, general construction works, fitting-out works, façade works, landscape, final inspection and completion. |                                    |

**LETTER FROM EUTO CAPITAL**

| <b>Description</b>  | <b>Expected construction progress</b>   |  |   |
|---|---|--|---|
|   | <b>from the Effective Date to<br/>31 August 2022</b>  | <b>for the year ending 31 August<br/>2023</b>  | <b>for the year ending<br/>31 August 2024</b> |
|   | <b>Milestone</b>  | <b>Milestone</b>   | <b>Milestone</b>                              |
|   | <b>(RMB'000)</b>  | <b>(RMB'000)</b>   | <b>(RMB'000)</b>                              |
| Project B   | 52,500  | 199,500  | --  |
| Located in Guangxi, a private vocational full-time college with diploma education, this college promotes the integration of traditional industries and modern industries with planned total student enrollment of 10,000. | Construction works including but not limited to foundation works, general construction works and fitting-out works. | Construction works including but not limited to general construction works, fitting-out works, façade works, landscape, final inspection and completion. |   |
| <b>Annual Caps</b>  | <u>1,060,500</u>  | <u>1,071,000</u>   | <u>1,180,725</u>                              |
|   |   |  | <u>3,312,225.0</u>                            |

For avoidance of doubt, the expected contract sum as shown above has taken into account of the 5% buffer to cater for inflation and currency fluctuations, which is one of the factors in determining the Annual Caps. Hence, the Annual Caps mirror the expected expenditure of the construction projects under the School Construction Framework Agreement as of each milestone date (i.e. three years ending 31 August 2022, 2023 and 2024 respectively).

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## LETTER FROM EUTO CAPITAL

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In addition, in order to allow certain flexibility for any variation orders in respect of the construction works to be undertaken under the School Construction Framework Agreement, the Annual Caps have included a buffer of approximately 5% for each of the period from the Effective Date to 31 August 2022 and the years ending 31 August 2023 and 2024. We have been advised by the management of the Company that, the buffer is set based on the producer price index (“PPI”) in the PRC in the past 12 months. Since PPI covers the prices of raw materials used in construction works, we consider it is fair and reasonable to set a buffer based on the PPI. Furthermore, we also consider that the 5% is reasonably set as the Company has taken into account the fluctuation of the index in the most recent 12 months. It is not uncommon that there would be uncertain changes during construction period including but not limited to the materials required, the government regulation and the future inflationary pressure pursuant to the average inflation rate in the PRC which the Company takes into account the necessity to retain a certain level of buffer to minimise the need to adjust the Annual Caps in future. On such basis, we consider it is justifiable for the contracting parties to provide a reasonable buffer to accommodate any upward changes in the construction cost for the coming years.

According to the Annual Results Announcement 2021, adhered to the strategy of “one school with one characteristic”, the Company will promote each institution to optimize its orientation and determine its specialties based on the Company existing advantages and new demands for regional social and economic development, and increase investment in the construction of specialties to build up the faculty, teaching and research facilities and equipment and practical training system required by the specialties. The Group recorded a revenue of approximately RMB2,324.27 million for the year ended 31 August 2021, representing an increase of approximately 48.2% as compared to that of the corresponding period in 2020. The increase was mainly attributable to (i) the significant increases in enrollment of various schools of the Group and the increases in charging standards of certain schools; and (ii) the successive consolidation of a few newly acquired schools into the Group’s financial statements. The total number of students enrolled has also increased from 140,125 for the school year 2019/2020 to 196,747 for the school year 2020/2021 (excluding a total of 24,257 students from colleges acquired after 31 August 2021), representing an increase of approximately 49.3%. According to the Annual Results Announcement 2021, the Company recorded a net current liability of approximately RMB1,159.8 million as at 31 August 2021, however, the Directors considered the Group should have sufficient financial resources after taking into account the Group’s future liquidity and performance and its available sources of finance. We also noted the Group recorded a cash and bank balances of approximately RMB4,534.4 million as at 31 August 2021 and the highest percentage ratio in respect of the Annual Caps as a percentage of the Group’s consolidated total assets as at 31 August 2021 and market capitalisation as at 9 December 2021 are only approximately 5.9% and 8.8%, respectively, we considered the percentage ratios are insignificant to the size of the Company’s in terms of its total assets and market capitalisation.

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## LETTER FROM EUTO CAPITAL

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In view of the (i) significant increase in revenue and the total number of students enrollment of the Group for the year ended 31 August 2021 as compared to that of the corresponding period in 2020 and (ii) the insignificant percentage ratios of the Annual Caps in terms of the Group's total assets and market capitalisation, the Directors considered that the entering into of the School Construction Framework Agreement is in line with the latest business development plan of the Group and the Group's construction plans and expected timetable is also fair and reasonable. We concur with the view of the Directors.

To conclude, based on the analysis above, we understand from the Company that the Annual Caps are determined by multiplying the historical unit price by the GFA of each project to be constructed in the three years ending 31 August 2024, with reference to the expected timetable of its construction projects in the next three years and the consideration of a certain buffer to allow flexibility to cater for any variation order in respect of the construction works. Having considered the above factors, we concur with the Directors that the Annual Caps are fair and reasonable.

### **INTERNAL CONTROL MEASURES CONCERNING THE SCHOOL CONSTRUCTION FRAMEWORK AGREEMENT**

The Group will adopt the measures to protect the interests of the Independent Shareholders under the School Construction Framework Agreement:

- (i) adoption of an independent mechanism to govern and monitor the selection process for the Company's potential bidders, of which an internal tender review committee comprising members appointed by the independent non-executive Directors, will be established for reviewing the terms and conditions of tenders, monitoring the relevant tenders' compliance with the relevant laws and regulations and screening out unsuitable tenders;
- (ii) the Company's finance department will monitor and record the actual transaction amounts of the transactions contemplated under the School Construction Framework Agreement to ensure that the Annual Caps will not be exceeded on a monthly basis. In this regard, we believe this control procedures could ensure that the Annual Caps will not be exceeded and the continuing connected transactions contemplated under the School Construction Framework Agreement since the progress and utilisation of the proposed Annual Caps will be regularly monitored by the Company's finance department;
- (iii) the Company's auditors will review the transactions as contemplated under the School Construction Framework Agreement on an annual basis and confirm whether (a) such transactions have been approved by the Board; (b) such transactions were entered into in accordance with the terms of the School Construction Framework Agreement; and (c) the Annual Caps have been exceeded. We understand the Company must engage its auditor to report on the continuing connected transactions every year and to comment on the above-mentioned issues pursuant to rule 14A.56

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to 14A.58 of the Listing Rules. As such, we are of the view that the Company's auditor will review the transactions contemplated under the School Construction Framework Agreement to confirm that the transactions thereunder have not exceeded the Annual Caps on a yearly basis; and

- (iv) the independent non-executive Directors will review the transactions contemplated under the School Construction Framework Agreement on an annual basis to confirm whether such transactions are conducted (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the terms of the School Construction Framework Agreement that are fair and reasonable and in the interests of the Shareholders as a whole. We have reviewed the profiles of all independent non-executive Directors in the Annual Report. All of them has extensive experience in accounting and business operations. Therefore, we consider that the independent non-executive Directors are capable of fully implementing the relevant internal control measures in respect of the transactions contemplated under the School Construction Framework Agreement.

Accordingly, we have reviewed at least ten circulars in relation to the continuing connected transactions as disclosed by the listed companies on the main board of the Stock Exchange during the past three months period prior to 3 November 2021, which reveal those companies have a similar internal control practice of governing the continuing connected transactions, such as reviewing the continuing connected transactions by auditor and independent non-executive directors on a regular basis. In light of the usual practice of the other listed companies on the Stock Exchange and our analysis regarding each of the above internal control procedures to be imposed on the continuing connected transactions, in particular, (i) the reporting system to restrict the maximum value of the continuing connected transactions by way of the Annual Caps; and (ii) the ongoing regular review by the auditors and the independent non-executive Directors of the Company of the terms of the continuing connected transactions and the relevant Annual Caps not being exceeded, we concur with the view of the Directors (including the independent non-executive Directors) that the procedures to be adopted by the Group to govern the continuing connected transactions are sufficient and effective to ensure that such transactions will be conducted under normal commercial terms and are not prejudicial to the interest of the Company and the Independent Shareholders.

The Directors consider that the proposed internal control system of the Group is adequate to ensure that the transactions as contemplated under the School Construction Framework Agreement will be on normal commercial terms and no less favourable to the Company than those offered by independent third parties.

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## LETTER FROM EUTO CAPITAL

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we consider that (i) the School Construction Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group; (ii) the terms of the School Construction Framework Agreement are on normal commercial terms and are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the proposed transactions with Sichuan Wuyang; and (iii) the Annual Caps for the three years ending 31 August 2024 for the School Construction Framework Agreement are fair and reasonable and 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**  
**Wendy Liu**  
*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 | Long Position/<br>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 | Interest in controlled corporation <sup>(1)</sup> | 4,140,948,240         | Long Position                    | 51.60%   |
|                     | Executive Officer            | Interest in controlled corporation <sup>(1)</sup> | 295,000,000           | Short Position                   | 3.68%  |
|                     |                              | 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%  |
| Tang Jianyuan (唐健源) | Non-executive Director       | Interest in controlled corporation <sup>(3)</sup> | 77,050,101            | Long Position                    | 0.96%  |
|                     |                              |   | 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 8,024,874,706 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 51.60% 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 51.60% 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:

## APPENDIX

## GENERAL INFORMATION OF THE GROUP

| Name of Shareholder   | Capacity/<br>Nature of Interest          | Number of<br>Shares Held                 | Long Position/<br>Short Position | Approximate<br>Percentage of<br>Shareholding in the<br>Company as at<br>Latest Practicable<br>Date <sup>(3)</sup> |
|---|--|--|----------------------------------|---|
| Hope Education Investment Limited <sup>(1)</sup>  | Beneficial interest                      | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Credit Suisse Trust Limited <sup>(1)</sup>  | Trustee                                  | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Maysunshine Limited <sup>(1)</sup>  | Interest in<br>controlled<br>corporation | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Maysunshine Holdings Limited <sup>(1)</sup>   | Interest in<br>controlled<br>corporation | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Tequ Group A Limited <sup>(1)</sup>   | Interest in<br>controlled<br>corporation | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Tequ Group (Hong Kong) Company Limited <sup>(1)</sup>                                     | Interest in<br>controlled<br>corporation | 4,140,948,240                            | Long Position                    | 51.60%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) <sup>(1)</sup>            | Beneficial interest                      | 42,242,703                               | Long Position                    | 0.53%   |
|   |  | Interest in<br>controlled<br>corporation | 4,183,190,943                    | Long Position   |
| Sichuan Tequ <sup>(1)</sup>   | Interest in<br>controlled<br>corporation | 295,000,000                              | Short Position                   | 3.68%   |
|   |  | 4,183,190,943                            | Long Position                    | 52.13%  |
| Chengdu West Hope Group Limited (成都華西希望集團有限公司) (“West Hope”) <sup>(1)</sup>               | Interest in<br>controlled<br>corporation | 4,183,190,943                            | Long Position                    | 52.13%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| 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<br>controlled<br>corporation | 4,183,190,943                            | Long Position                    | 52.13%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Zhang Qiang (張強) <sup>(1)</sup>   | Interest in<br>controlled<br>corporation | 4,183,190,943                            | Long Position                    | 52.13%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |
| Wang Degen (王德根) <sup>(1)</sup>   | Interest of spouse                       | 4,183,190,943                            | Long Position                    | 52.13%  |
|   |  | 295,000,000                              | Short Position                   | 3.68%   |

| Name of Shareholder   | Capacity/<br>Nature of Interest                                    | Number of<br>Shares Held | Long Position/<br>Short Position | Approximate<br>Percentage of<br>Shareholding in the<br>Company as at<br>Latest Practicable<br>Date <sup>(3)</sup> |
|---|--|--------------------------|----------------------------------|---|
| Chen Yuxin (陳育新) <sup>(1)</sup>   | Interest in<br>controlled<br>corporation/<br>Interest of<br>spouse | 4,183,190,943            | Long Position                    | 52.13%  |
|   |  | 295,000,000              | Short Position                   | 3.68%   |
| Zhao Guiqin (趙桂琴) <sup>(1)</sup>  | Interest in<br>controlled<br>corporation/<br>Interest of<br>spouse | 4,183,190,943            | Long Position                    | 52.13%  |
|   |  | 295,000,000              | Short Position                   | 3.68%   |
| Central Huijin Investment<br>Limited (“ <b>Central<br/>Huijin</b> ”) <sup>(2)</sup>       | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |
| China Everbright Group Ltd.<br>(“ <b>China Everbright<br/>Group</b> ”) <sup>(2)</sup>     | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |
| China Everbright Holdings<br>Company Limited (“ <b>CE<br/>Hong Kong</b> ”) <sup>(2)</sup> | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |
| China Everbright Limited <sup>(2)</sup>   | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |
| Honorich Holdings Limited <sup>(2)</sup>  | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |
| Datten Investments Limited <sup>(2)</sup>   | Interest in<br>controlled<br>corporation                           | 475,005,158              | Long Position                    | 5.92%   |

*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 owned 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 8,024,874,706 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 2021 (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 2021, 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 January 2022 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 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.hopeedu.com>) for 14 days from the date of this circular up to and including the date of EGM:

- (a) the School Construction Framework Agreement;
- (b) the letter from the Board dated 5 January 2022, the text of which is set out on pages 4 to 21 of this circular;
- (c) the letter of recommendation from the Independent Board Committee dated 5 January 2022, the text of which is set out on pages 22 to 23 of this circular;
- (d) the letter of advice from Euto Capital to the Independent Board Committee and the Independent Shareholders dated 5 January 2022, the text of which is set out on pages 24 to 45 of this circular; and
- (e) the written consent of Euto Capital, which was referred to in the section headed “8. Expert and Consent” in this appendix.

**10. MISCELLANEOUS**

- (a) The English texts of this circular shall prevail over their Chinese texts.
- (b) All references to times and dates in this circular refer to the Hong Kong times and dates.

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## NOTICE OF EGM

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### HOPE EDUCATION GROUP CO., LTD.

希望教育集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1765)**

#### 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 10:00 am on Friday, 21 January 2022 at the International Conference Hall, Homeland Hotel, No. 181 Jichang Road, Chengdu, Sichuan, China for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:** the entering into the School Construction Framework Agreement (as defined in the circular of the Company dated 5 January 2022, 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 proposed annual caps 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 School Construction Framework 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 January 2022

*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

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## NOTICE OF EGM

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*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 am on 19 January 2022) 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 Tuesday, 18 January 2022 to Friday, 21 January 2022, 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 Monday, 17 January 2022.

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