

# HOPE EDUCATION GROUP CO., LTD.

No. 226/2023  
21 November 2023

## CORPORATES

### Issue Rating:

Guaranteed AAA

Outlook: Stable

Last Review Date: 11/08/23

### Company Rating History:

Date	Rating	Outlook/Alert
11/08/23	AAA	Stable

### Contacts:

Jantana Taveeratanasilp

jantana@trisrating.com

Sithakarn Tongphiphat, CFA, FRM

sithakarn@trisrating.com

Annop Supachayanont, CFA

annop@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the rating on guaranteed bond of Hope Education Group Co., Ltd. (HOPE) at “AAA” with a “stable” outlook. The bond is guaranteed by Credit Guarantee and Investment Facility (CGIF: rated “AAA/stable”), a trust fund of the Asian Development Bank (ADB). The issue rating reflects the credit worthiness of CGIF as the guarantor of the guaranteed bonds.

## KEY RATING CONSIDERATIONS

The rating on HOPE’s guaranteed debentures reflects the rating on CGIF. Under the terms of the guarantee, CGIF provides an irrevocable and unconditional guarantee to cover 100% of the principal and interest payments for the guaranteed debentures. The guaranteed obligations rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness of the guarantor.

The rating on the guaranteed debentures also takes into account the following conditions:

- CGIF is entitled to determine whether to make the payment in full (accelerated basis) after the occurrence of an Issuer Event of Default (as defined in the Guarantee Agreement) or the receipt of a Demand for Payment (as defined in the Guarantee Agreement). However, CGIF will no longer have obligations to make payments, amongst other terms and conditions of the debentures, under the following conditions: 1) the debentureholders’ representative accelerates the debentures other than pursuant to a CGIF Non-Payment Event; or 2) the debentureholders’ representative does not deliver the Demand for Payment within a pre-specified period.
- In a Non-Payment Event, under the Guarantee Agreement, the Guaranteed Party may make a Demand for Payment of a Guaranteed Amount within the Demand Period of 15 business days after which CGIF will have 15 business days to make payment to debentureholders.
- The debentureholders might not receive the payment in Thai baht if CGIF determines that it is impossible or impractical or it is unable on commercially reasonable terms and in accordance with its policy for CGIF to obtain Thai baht. In such an event, CGIF may make an equivalent payment in US dollars or such other currencies as it may determine. However, TRIS Rating views the likelihood of such risk as very low.

## RATING OUTLOOK

The rating and outlook on HOPE’s guaranteed debentures solely reflect the creditworthiness of its guarantor, CGIF.

## RATING SENSITIVITIES

The rating on HOPE’s guaranteed debentures may change if the rating on its guarantor, CGIF, changes.

## COMPANY OVERVIEW

HOPE is an investment company incorporated in the Cayman Islands. The company provides higher education service and secondary vocational education services in the People's Republic of China and three other countries. HOPE was founded in October 2007 and established its first school, "Southwest Jiaotong University Hope College" in Sichuan, China in 2009.

In 2016, Everbright Holdings Co., Ltd. invested CNY300 million in HOPE and became an important strategic shareholder of the company. In 2018, HOPE was listed (stock code: 01765.HK) on Hong Kong Exchanges and Clearing (HKEX).

According to information as of February 2023, HOPE's major shareholder is Hope Education Investment Ltd., holding approximately 51.6% of the company's shares. The company and its subsidiaries currently operate a total of 25 schools domestically and overseas. These include colleges and universities, junior colleges, and technician colleges. Its overseas schools are located in Malaysia (INTI International University), Thailand (Metharath University), and Hungary (Wekerle Business School). As of February 2023, HOPE had a total student enrolment of 280,453 students.

CGIF was founded in November 2010 by the governments of the ASEAN+3 countries (10 ASEAN countries plus China, Japan, and Korea) and ADB, together referred to as "contributors". CGIF's main objective is to provide credit guarantees which allow eligible issuers to access local currency bond markets. Issuers can thus avoid currency and maturity mismatches by issuing bonds within the region. The establishment of CGIF was a continual development process following the Asian Bond Markets Initiative (ABMI) introduced in 2003 by the ASEAN+3 countries. The aims of ABMI are to develop and strengthen local currencies and regional bond markets to promote economic growth and financial development, and to prevent disruptions to the international financial order so as to enable savings in the region to be used within the region.

In a typical guarantee contract, CGIF's credit guarantee services will provide coverage only when an issuer breaches the non-payment event clause. In addition, when a non-payment event occurs, CGIF retains the sole right to decide whether it will early redeem the debentures or continue to pay debentureholders according to the original debenture schedule. Upon payment by CGIF of all or any part of the guaranteed amounts, CGIF will be entitled to all the rights, powers, and security that debentureholders had against the issuers and co-indemnity providers to an amount equal to the paid guaranteed amount.

CGIF finances its operations solely from capital contributions. CGIF is not allowed to borrow from any source, except for cash management purposes.

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

**The Guarantor**  
**Credit Guarantee and Investment Facility (CGIF),**  
**A Trust Fund of the Asian Development Bank (ADB)**

Unit: Mil. USD

	Jan-Jun* 2023	-----Year Ended 31 December -----			
		2022	2021	2020	2019
Interest income	17.9	28.5	27.3	28.9	26.2
Guarantee income	10.1	20.0	19.4	17.4	12.9
Other revenue**	1.2	2.6	4.4	3.4	2.8
Total revenue	29.2	51.1	51.1	49.6	41.9
Net income from operations	23.1	15.2	32.0	23.7	22.6
Total assets	1321.2	1,305.0	1,372.8	1,351.7	1,255.1
Total liabilities	76.1	81.8	80.4	87.1	76.6
Shareholders' equity	1,245.1	1,223.2	1,292.4	1,264.5	1,178.4

\* Unaudited and not annualised

\*\* Including realised gain (loss) from securities, fair value changes from derivatives, commission from reinsurance, and miscellaneous income

## RELATED CRITERIA

- Corporate Rating Methodology, 15 July 2022
- Issue Rating Criteria, 15 June 2021

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**Hope Education Group Co., Ltd. (HOPE)**

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**Issue Rating:**

HEG269A II: THB1,300 million guaranteed bond due 2026

AAA

**Rating Outlook:**

Stable

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**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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