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)

ANNUAL RESULTS ANNOUNCEMENT FOR EIGHT MONTHS ENDED 31 AUGUST 2020

ANNUAL RESULTS

The Board is pleased to announce the annual results and audited consolidated financial statements for the eight months ended 31 August 2020, together with comparative figures for the twelve months ended 31 December 2019.

	For the eight months ended 31 August 2020 *(in millions of RMB)* *(Audited)*	For the twelve months ended 31 December 2019 *(in millions of RMB)* *(Audited)*	**Change** *(in millions of RMB)*	**Change** *(percentage)*
Revenue	**872.08**	1,331.38	(459.30)	(34.5%)
Gross profit	**377.61**	674.50	(296.89)	(44.0%)
Adjusted gross profit	**406.53**	692.85	(286.32)	(41.3%)
Net profit	**119.35**	490.03	(370.68)	(75.6%)
Adjusted net profit	**201.26**	501.16	(299.90)	(59.8%)

Calculation of Adjusted Net Profit

Items	For the eight months ended 31 August 2020	For the twelve months ended 31 December 2019
Profit from continuing operations for the period	119.35	490.03
Add:		
Listing expenses	–	
Equity-settled share option expense	0.86	20.53
Additional depreciation and amortization from fair value adjustment of identifiable assets resulted from acquisition of Jinci College of Shanxi Medical University	0.58	0.87
Sichuan Vocational College of Culture & Communication	0.78	1.16
Sichuan TOP IT Vocational Institute	1.34	1.35
Suzhou Top Institute of Information Technology	4.25	2.57
Yinchuan University of Energy	23.19	12.65
Hebi Automotive Engineering Vocational College	0.75	0.80
College of Science and Technology of Guizhou University	3.69	2.57
Finance cost accrued at amortized cost because of an overdue payment for the acquisition of equity interest	13.14	6.60
Less:		
Exchange gains	(33.33)	37.97
Adjusted net profit	201.26	501.16

Descriptions:

1. As the academic year of domestically-operated schools of the Group in the People's Republic of China ("PRC") ends in August every year, to facilitate schools' management and preparation of the consolidated financial statements of the Group and to better reflect the operational results of the Group for the financial year, on 25 March 2020, the Board has resolved to change the end date of the financial year of the Company from 31 December to 31 August for the convenience of aligning the end date of the financial year of the Group with the academic year of domestically-operated schools of the Group in the PRC (the academic year ends in August every year), and also help to prepare the consolidated financial statements of the Group.

2. As this is the first financial year after the change of financial year end date, the Reporting Period covered by the financial statements presented is the eight-month period from 1 January 2020 to 31 August 2020, and the corresponding comparative figures cover the twelve-month period from 1 January 2019 to 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Descriptions:

After the change of financial year, the whole year of the new financial year will be from 1 September to 31 August next year. Due to the periodic nature of formal educational services ran by the Group, no tuition fees are generated in the spring and summer holidays in February, July and August each year, so the data for the eight-month period from 1 January 2020 to 31 August 2020 and for the twelve-month period from 1 January 2019 to 31 December 2019 are not comparable, and without predictability from an analysis of obvious trends. In order to present the operating positions of the Group for the new financial year clearly, the Group voluntarily presents the unaudited financial information for the twelve months commencing from 1 September 2019 to 31 August 2020 and the unaudited financial information for the twelve months commencing from 1 September 2018 to 31 August 2019 for the period-on-period comparison.

	For the twelve months ended 31 August 2020 ***(in millions of RMB)*** ***(Unaudited)***	For the twelve months ended 31 August 2019 *(in millions of RMB)* *(Unaudited)*	**Change** *(in millions of RMB)*	**Change** *(percentage)*
Revenue	**1,568.12**	1,079.31	488.81	45.3%
Gross profit	**777.38**	504.05	273.33	54.2%
Adjusted gross profit	**822.36**	507.79	314.57	61.9%
Adjusted gross profit margin	**52.4%**	47.0%		5.4%
Net profit	**456.45**	341.88	114.57	33.5%
Adjusted net profit	**575.78**	358.14	217.64	60.8%
Adjusted net profit margin	**36.7%**	33.2%		3.5%

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company also uses adjusted gross profit, adjusted net profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance.

Calculation of adjusted gross profit

Items	**For the twelve months ended 31 August 2020** ***(in millions of RMB)*** ***(Unaudited)***	For the twelve months ended 31 August 2019 *(in millions of RMB)* *(Unaudited)*	**Change** *(in millions of RMB)*	**Change** *(percentage)*
Gross profit	**777.38**	504.05	273.33	54.2%
Add:				
Additional depreciation and amortization from fair value adjustment of identifiable assets resulted from acquisition of				
Jinci College of Shanxi Medical University	**0.87**	0.87		
Sichuan Vocational College of Culture & Communication	**1.16**	1.27		
Sichuan TOP IT Vocational Institute	**1.31**	1.60		
Suzhou Top Institute of Information Technology	**6.35**			
Yinchuan University of Energy	**33.69**			
Hebi Automotive Engineering Vocational College	**1.60**			
Adjusted gross profit	**822.36**	507.79	314.57	61.9%

Descriptions: Adjusted gross profit is measured by gross profit for the period after eliminating additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy and Hebi Automotive Engineering Vocational College.

Calculation of Adjusted Net Profit

Items	**For the twelve months ended 31 August 2020** ***(in millions of RMB)*** ***(Unaudited)***	For the twelve months ended 31 August 2019 *(in millions of RMB)* *(Unaudited)*	**Change** *(in millions of RMB)*	**Change** *(percentage)*
Profit from continuing operations for the period	**456.45**	341.88	114.57	33.5%
Add:				
Equity-settled share option expense	**8.19**	72.15	(63.96)	(88.6%)
Additional depreciation and amortization from fair value adjustment of identifiable assets resulted from acquisition of				
Jinci College of Shanxi Medical University	**0.87**	0.87		
Sichuan Vocational College of Culture & Communication	**1.16**	1.27		
Sichuan TOP IT Vocational Institute	**1.31**	1.60		
Suzhou Top Institute of Information Technology	**6.82**			
Yinchuan University of Energy	**35.84**			
Hebi Automotive Engineering Vocational College	**2.09**			
College of Science and Technology of Guizhou University	**5.77**	0.48		
Finance cost accrued at amortized cost because of an overdue payment for the acquisition of equity interest	**19.74**			
Less:				
Exchange gains/(losses)	**(37.54)**	60.11	(97.65)	(162.5%)
Adjusted net profit	**575.78**	358.14	217.64	60.8%

Descriptions: Adjusted net profit is measured by adjusting (i) equity-settled share option expense; (ii) exchange gains/(losses); (iii) additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy, Hebi Automotive Engineering Vocational College and College of Science and Technology of Guizhou University; (iv) finance cost accrued at amortized cost because of a payment due over one year for the acquisition of equity interest under the relevant agreement. The Company considers that adjustment to the above issues could eliminate potential impacts of items that the management do not consider to be indicative of the Group's operating performance, which in turns facilitates comparisons of operating performance from period to period and company to company.

Overview

The unaudited financial information for the twelve months commencing from 1 September 2018 to 31 August 2019 and from 1 September 2019 to 31 August 2020 is set out below:

Items	**For the twelve months ended 31 August 2020** *(in millions of RMB)* *(Unaudited)*	For the twelve months ended 31 August 2019 *(in millions of RMB)* *(Unaudited)*	**Change** *(in millions of RMB)*	**Change** *(percentage)*
Revenue	**1,568.12**	1,079.31	488.81	45.3%
Cost	**790.74**	575.26	215.48	37.5%
Gross profit	**777.38**	504.05	273.33	54.2%
Gross profit margin	**49.6%**	46.7%		2.9%
Other income and gains	**240.37**	264.32	(23.95)	(9.1%)
Gain on a bargain purchase	**27.26**			
Administrative expenses	**195.45**	186.40	9.05	4.9%
Selling expenses	**61.33**	25.70	35.63	138.6%
Finance costs	**208.62**	155.14	53.48	34.5%
Other expenses	**51.90**	35.29	16.61	47.1%
Share of profit/(loss) of a joint venture	**9.76**	(4.08)	13.84	(339.2%)
Income tax	**81.02**	19.88	61.14	307.5%
Net profit	**456.45**	341.88	114.57	33.5%
Net interest rate	**29.1%**	31.7%		(2.6%)

For the eight months ended 31 August 2020, the Group recorded revenue of RMB872.08 million, adjusted gross profit of RMB406.53 million, gross profit of RMB377.61 million, adjusted net profit of RMB201.26 million, net profit of RMB119.35 million, adjusted gross profit margin of 46.6%, gross profit margin of 43.3%, adjusted net profit margin of 23.1%, and net profit margin of 13.7%.

For the twelve months ended 31 December 2019, the Group recorded revenue of RMB1,331.38 million, adjusted gross profit of RMB692.85 million, gross profit of RMB674.50 million, adjusted net profit of RMB501.16 million, net profit of RMB490.03 million, adjusted gross profit margin of 52.0%, gross profit margin of 50.7%, adjusted net profit margin of 37.6%, and net profit margin of 36.8%.

For the twelve months ended 31 August 2020, the Group recorded revenue of RMB1,568.12 million, adjusted gross profit of RMB822.36 million, gross profit of RMB777.38 million, adjusted net profit of RMB575.78 million, net profit of RMB456.45 million, adjusted gross profit margin of 52.4%, gross profit margin of 49.6%, adjusted net profit margin of 36.7%, and net profit margin of 29.1%.

For the twelve months ended 31 August 2019, the Group recorded revenue of RMB1,079.31 million, adjusted gross profit of RMB507.79 million, gross profit of RMB504.05 million, adjusted net profit of RMB358.14 million, net profit of RMB341.88 million, adjusted gross profit margin of 47.0%, gross profit margin of 46.7%, adjusted net profit margin of 33.2%, and net profit margin of 31.7%.

Revenue

For the eight months ended 31 August 2020, revenue of the Group amounted to RMB872.08 million;

for the twelve months ended 31 December 2019, revenue of the Group amounted to RMB1,331.38 million.

For the twelve months ended 31 August 2020, revenue of the Group amounted to RMB1,568.12 million;

for the twelve months ended 31 August 2019, revenue of the Group amounted to RMB1,079.31 million.

Revenue grew by RMB488.81 million compared with the same period last year, representing an increase of 45.3%. The increase was mainly attributable to (i) substantial increase in the enrollment of existing schools; (ii) the newly acquired schools (Hebi project, Kunshan project and Yinchuan project) have been included in the Group's financial statements successively.

Cost of Sales

For the eight months ended 31 August 2020, cost of sales and adjusted cost of sales of the Group amounted to RMB494.47 million and RMB465.55 million, respectively.

For the twelve months ended 31 December 2019, cost of sales and adjusted cost of sales of the Group amounted to RMB656.87 million and RMB638.53 million, respectively.

For the twelve months ended 31 August 2020, cost of sales and adjusted cost of sales of the Group amounted to RMB790.74 million and RMB745.76 million, respectively.

For the twelve months ended 31 August 2019, cost of sales and adjusted cost of sales of the Group amounted to RMB575.26 million and RMB571.52 million, respectively.

Cost of sales rose by RMB215.48 million compared with the same period last year, representing an increase of 37.5%; adjusted cost of sales rose by RMB174.24 million compared with the same period last year, representing an increase of 30.5%. The increases were mainly attributable to (i) the enhancement of input in terms of teacher quality and teaching facilities as a result of the increment in the number of students enrolled in the original schools of the Group; (ii) the increase in costs following the consolidation of financial statements of various schools upon completion of acquisition during the period.

Gross Profit and Gross Profit Margin

For the eight months ended 31 August 2020, adjusted gross profit and gross profit of the Group amounted to RMB406.53 million and RMB377.61 million, with adjusted gross profit margin and gross profit margin of 46.6% and 43.3%, respectively;
for the twelve months ended 31 December 2019, adjusted gross profit and gross profit of the Group amounted to RMB692.85 million and RMB674.50 million, with adjusted gross profit margin and gross profit margin of 52.0% and 50.7%, respectively.

For the twelve months ended 31 August 2020, adjusted gross profit and gross profit of the Group amounted to RMB822.36 million and RMB777.38 million, with adjusted gross profit margin and gross profit margin of 52.4% and 49.6%, respectively;
for the twelve months ended 31 August 2019, adjusted gross profit and gross profit of the Group amounted to RMB507.79 million and RMB504.05 million, with adjusted gross profit margin and gross profit margin of 47.0% and 46.7%, respectively.
Adjusted gross profit grew by RMB314.57 million compared with the same period last year, representing an increase of 61.9%; adjusted gross profit margin rose by 5.4% compared with the same period last year. The improvement in gross profit margin was mainly attributable to the preliminary achievement of the Group arising from scale effect, with better cost control amid revenue growth.

Other Income and Gains

For the eight months ended 31 August 2020, other income and gains of the Group amounted to RMB129.75 million;
for the twelve months ended 31 December 2019, other income and gains of the Group amounted to RMB253.63 million.

For the twelve months ended 31 August 2020, other income and gains of the Group amounted to RMB240.37 million;
for the twelve months ended 31 August 2019, other income and gains of the Group amounted to RMB264.32 million.
Other income and gains decreased by RMB23.95 million, or 9.1%, compared with the same period last year, mainly due to a decrease of RMB60.11 million in foreign exchange gains.

Selling Expenses

For the eight months ended 31 August 2020, selling expenses of the Group amounted to RMB41.28 million;
for the twelve months ended 31 December 2019, selling expenses of the Group amounted to RMB45.28 million.

For the twelve months ended 31 August 2020, selling expenses of the Group amounted to RMB61.33 million;
for the twelve months ended 31 August 2019, selling expenses of the Group amounted to RMB25.70 million.
Selling expenses rose by RMB35.63 million, or 138.6%, compared with the same period last year, mainly due to the increase in marketing expenses for recruitment of students. Recruitment promotion achieved remarkable results during 2020/2021 school year, with the number of new students enrolled increasing by 47.1% compared with the same period last year.

Administrative Expenses

For the eight months ended 31 August 2020, administrative expenses of the Group amounted to RMB113.60 million;
for the twelve months ended 31 December 2019, administrative expenses of the Group amounted to RMB172.40 million.

For the twelve months ended 31 August 2020, administrative expenses of the Group amounted to RMB195.45 million;
for the twelve months ended 31 August 2019, administrative expenses of the Group amounted to RMB186.40 million.
Administrative expenses rose by RMB9.05 million compared with the same period last year, representing an increase of 4.9%. The continuous expansion of the Group's school operation without a substantial increase in administrative expenses was mainly attributable to: (i) the decrease in equity-settled share option expenses; and (ii) offset by the consolidation of financial statements of newly acquired schools.

Other Expenses

For the eight months ended 31 August 2020, other expenses of the Group amounted to RMB42.64 million;
for the twelve months ended 31 December 2019, other expenses of the Group amounted to RMB16.46 million.

For the twelve months ended 31 August 2020, other expenses of the Group amounted to RMB51.90 million;
for the twelve months ended 31 August 2019, other expenses of the Group amounted to RMB35.29 million.
Other expenses increased by RMB16.61 million, or 47.1%, compared with the same period last year, mainly due to (i) an increase of RMB37.54 million in foreign exchange losses during the year; and (ii) a donation of RMB3.01 million during the COVID-19 pandemic and toilet renovation funds of RMB1 million to rural primary and secondary schools in Wei County.

Finance Costs

For the eight months ended 31 August 2020, finance costs of the Group amounted to RMB143.94 million;
for the twelve months ended 31 December 2019, finance costs of the Group amounted to RMB170.68 million.

For the twelve months ended 31 August 2020, finance costs of the Group amounted to RMB208.62 million;
for the twelve months ended 31 August 2019, finance costs of the Group amounted to RMB155.14 million.
Finance costs increased by RMB53.48 million, or 34.5%, compared with the same period last year, mainly due to (i) an increase in finance costs resulting from the adoption of amortised cost according to the requirement of the accounting standard as the considerations for the acquisition of equity interests in Suzhou Top Institute of Information Technology and Yinchuan University of Energy in 2019 had long payment periods according to the agreements; (ii) higher interest costs resulting from certain high-interest debts in relation to our newly acquired schools, which had not expired during the period and is being replaced by the Company; and (iii) an increase in expenses as the Company expanded its school operation.

Profits of the Reporting Period

For the eight months ended 31 August 2020, the Group recorded adjusted net profit of RMB201.26 million, net profit of RMB119.35 million, adjusted net profit margin of 23.1%, and net profit margin of 13.7%;
for the twelve months ended 31 December 2019, the Group recorded adjusted net profit of RMB501.16 million, net profit of RMB490.03 million, adjusted net profit margin of 37.6%, and net profit margin of 36.8%.

For the twelve months ended 31 August 2020, the Group recorded adjusted net profit of RMB575.78 million, net profit of RMB456.45 million, adjusted net profit margin of 36.7%, and net profit margin of 29.1%;
for the twelve months ended 31 August 2019, the Group recorded adjusted net profit of RMB358.14 million, net profit of RMB341.88 million, adjusted net profit margin of 33.2%, and net profit margin of 31.7%.
Adjusted net profit increased by RMB217.64 million or 60.8% compared with the same period last year, whereas adjusted net profit margin rose by 3.5% compared with the same period last year. The increase in adjusted net profit was mainly attributable to (i) the continuous increases in enrollment in various schools of the Group; (ii) the embodiment of the advantages of the scale of centralized operation of school; (iii) the effective control of costs and expenses under lean management of the Company.

Capital Commitments

The Group's capital commitments were primarily related to the acquisition of property and equipment. The following table sets forth a summary of our capital commitments as at the dates indicated:

	31 August 2020	31 December 2019
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**945,923**	740,782
Acquisition of a subsidiary	**1,226,168**	–
	2,172,091	740,782

CAPITAL AND FINANCIAL RESOURCES

As at 31 August 2020, the Group had total cash and bank balances of RMB3,412.99 million, among which: (i) cash and cash equivalents amounted to RMB2,894.44 million (31 December 2019: RMB1,690.42 million); (ii) restricted bank balances amounted to RMB229.85 million; (iii) pledged deposits amounted to RMB283.70 million; and (iv) Wealth management products amounted to RMB5 million.

INDEBTEDNESS

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term loans for working capital and long-term loans for construction of school buildings and facilities, merger and acquisitions and other projects. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As at 31 August 2020, the aggregate loan balance amounted to RMB3,113.41 million. All of our loans were denominated in RMB. As at 31 August 2020, the Group's bank loans and other borrowings bore effective interest rates ranging from 4.34% to 8.55% per annum. Without taking into account certain loans arising from new schools acquired during 2019, bank loans and other borrowings of the Group's other entities bore effective interest rates ranging from 4.34% to 7.50% per annum. The Group considers that, as subsequent loans bore by the entities of Yinchuan acquisition project being settled when due, the loans' effective interest rates per annum will be reduced continuously, coupled with the relatively small amount of principal bearing high annual interest rates, impacts on finance costs of the Group will not be material.

The Group's objective is to maintain a balance between the continuity and flexibility in the supply of funds through the use of cash flows generated within our Group's operations and other borrowings. The Group regularly reviews major funding positions to ensure adequate financial resources to meet its financial obligations.

Current Ratio

As at 31 August 2020, current assets of the Group amounted to RMB3,958.28 million, consisting of bank balance of RMB2,960.14 million, Wealth management products of RMB5 million and other current assets of RMB993.14 million. Current liabilities of the Group amounted to RMB3,368.25 million, including accruals and other payables of RMB1,307.62 million, contract liabilities of RMB403.62 million, interest-bearing bank and other loans of RMB1,443.33 million and other current liabilities of RMB213.68 million. As at 31 August 2020, current ratio (current assets divided by current liabilities) of the Group was 1.18 (31 December 2019: 1.12).

Contingent Liabilities

As at 31 August 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

Net Debt to Equity Ratio

As at 31 August 2020, net debt to equity ratio equalled to total interest-bearing bank loans and other borrowings of RMB3,113.41 million, net of cash and cash equivalents of RMB2,894.44 million, restricted cash deposits of RMB229.85 million, pledged deposits of RMB283.70 million and wealth management products of RMB5 million as at the end of the period divided by total owner's equity of RMB5,686.42 million as at the end of the period. The Group's net debt to equity ratio was -5.3%, basically unchanged from the net debt to equity ratio of -5.6% as at 31 December 2019.

Debt to Equity Ratio

As at 31 August 2020, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank loans by total equity) was 54.8% (31 December 2019: 56.9%).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

BUSINESS REVIEW

During the Reporting Period, the Group has operated and invested in twelve higher education schools and two technical colleges in China, including (i) five independent colleges, namely, Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Business College of Guizhou University of Finance and Economics, College of Science and Technology of Guizhou University and Yinchuan University of Energy; (ii) seven junior colleges, namely Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College and Suzhou Top Institute of Information Technology; and (iii) two technical colleges, namely, Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology. According to the Group's announcement of enrollment figures on 15 October 2020, the total number of school students under the Group amounted to 194,554, representing a significant increase of 38.8% as compared with the same period last year.

STUDENT ENROLLMENT

The Group believes the pragmatic teaching philosophy of its schools, its well-developed curriculum and system, good-quality teachers as well as its high graduate employment rate help attract high-quality students who are seeking for their ideal employment.

Schools	Student Enrollment **2019/2020 academic year**	2018/2019 academic year	**Change**	**Change in percentage**
Undergraduate Colleges	**71,259**	38,784	32,475	83.7%
Junior Colleges	**60,631**	43,053	17,578	40.8%
Technical Education	**8,235**	4,196	4,039	96.3%
Total	**140,125**	86,033	54,092	62.9%
Among which:				
Merger and acquisition	**35,974**			
Original	**104,151**	86,033	18,118	21.1%

DORMITORY UTILIZATION RATE

	As at 15 October 2020	As at 15 October 2019
Number of student enrollment (including Inti)	**194,554**	140,125
Number of beds (including Inti)	**224,006**	171,170
Overall utilization rate	**86.9%**	81.9%

Significant Events for the Reporting Period

1. Project expansion(merged and acquired)

On 2 March 2020, the Company entered into acquisition agreement with Exeter Street Holdings Sdn. Bhd. for the acquisition of 100% equity of Inti Education Holdings Sdn, Bhd.(or INTI Education Holdings), INTI Education Holdings is one of the largest and most prestigious private universities in Malaysia. After the completion of the acquisition, the Group owns totally 15 private schools, of which ten are included in the Group through merger and acquisition, representing the strong capability in school merger and acquisition of the Company.

2. Project expansion (newly established)

In 2020, the Group has completed the allocation of land for the new school establishment located in Baiyin City, Gansu Province, Wei County, Hebei Province, Zhangshu City, Jiangxi Province, Zhong County, Chongqing City, respectively. Progress in detail is as follows:

1) Gansu Mingde Vocational Education College has acquired a school site for phrase one. The construction works for teaching building and dormitory building is in progress.

2) Xingtai Vocational Institute of Technology has acquired a school site for phrase one, the construction works for teaching building and dormitory building is in progress, and the contract arrangement of industrial-academic collaborations in the disciplines of Preschool Education, Nursing, Automobile Testing and Maintenance, E-commerce, New Energy for Automobiles is completed.

3) Chongqing Digital Industry Vocational College has acquired a school site for phrase one. Currently, the construction works for teaching building and dormitory building is in progress.

4) Jiangxi Zhangshu Vocational College of Traditional Chinese Medicine has acquired a school site for phrase one, the construction works for teaching building and dormitory building is in progress, contract arrangements for the sites of industrial-academic collaborations with related parties in the disciplines of Nursing, Acupuncture and Massage, Chinese Medicine Studies, Production and Processing of Chinese Medicine, Drugs Operation and Management have been completed.

The above new school establishment projects are progressing in an orderly manner. The gradual completion of the new schools shows the strong establishment capability of the Group.

3. External financing

On 23 July 2020, the Company completed a syndicated loan with a credit amount of US$250 million. On 6 August 2020, the Company completed the placing of 465,000,000 new Shares on the Stock Exchange, raising an aggregate of US$153 million. Accordingly, the Company has raised external financing with aggregate amount of US$403 million in 2020, showing the strong financing ability of the Company.

The proceeds will be utilized in extending the school network of the Group, enhancing the level of school operation of the Group, improving the condition of the hardware, increasing the investment of practical equipment, enhancing welfares of the staff and repaying domestic bank loans.

4. Integration after merger and acquisition

On 15 October 2020, schools organized by the Group completed the enrollment for the 2020/2021 school year. During the Reporting Period, the Group completed the integration and centralized management after acquisition to the newly acquired Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology and Yinchuan University of Energy in 2019, new students enrolled increased significantly with the average growth rate of 91.6%, the highest is 166.9%, showing the Group's strong ability in integration and centralized management after acquisition.

5. Change of the financial year end date

On 25 March 2020, the Company changed the closing date of financial year, from commencing on 1 January to 31 December to commencing on 1 September in prior year to 31 August next year.

Our Schools

As at 31 August 2020, we held five independent colleges, seven junior colleges and two technical colleges. The table below sets out some details of our schools.

School	Year Founded	Year of Joining our Group	Description
Southwest Jiaotong University Hope College	2009	2009	The college offered a total of 43 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the Western region.
Jinci College of Shanxi Medical University	2002	2014	The college offered a total of 13 undergraduate majors and is one of the twelve private undergraduate medical schools in China and is the only independent college in Shanxi that provides clinical medical education.
Business College of Guizhou University of Finance and Economics	2004	2014	The college offered a total of 28 undergraduate majors, featuring economics and management and finance majors.
College of Science and Technology of Guizhou University	2001	2019	The college offered 24 majors to train professional talents possessing knowledge and skills in information technology, science and finance.
Yinchuan University of Energy	1999	2019	The university offered 34 undergraduate majors, covering 8 disciplines, had 1 national key laboratory and 3 provincial experimental teaching demonstration centers. It is the only private university in Ningxia that can enroll foreign students.
Tianyi College	1994	2011	The college offered 21 majors and is one of the first private schools (including seven schools) in China and the first private school in Southwest China approved to be a formal private higher education institution.
Sichuan Hope Automotive Vocational College	2013	2013	The college offered 21 majors, specialising in automobile related majors.
Sichuan Vocational College of Culture & Communication	2005	2014	The college offered over 30 majors, specialising in film, media and pre-school education majors.
Guizhou Vocational Institute of Technology	2016	2016	The college offered over 10 majors, specialising in pre-school education and healthcare majors.

School	Year Founded	Year of Joining our Group	Description
Sichuan TOP IT Vocational Institute	2000	2017	The college offered 39 majors, specialising in computer and information and software technology majors and is the MOE approved national demonstration software vocational and technical college and the national high-skilled personnel training base for the electronic information industry.
Hebi Automotive Engineering Vocational College	2011	2019	The college offered over 40 majors to train professional talents possessing automobile related knowledge and skills.
Suzhou Top Institute of Information Technology	2003	2019	The college offered 30 majors, specialising in computer and information software technology majors.
Sichuan Hope Automotive Technical College	2016	2016	The college offered 15 majors to train professional talents possessing automobile related knowledge and skills.
Guizhou Technical College of Technology	2019	2019	The college offered nearly 20 majors, specialising in pre-school education and healthcare majors.

Southwest Jiaotong University Hope College

The first university (independent college) established by the Group in 2009, located in Chengdu, Sichuan Province, provides undergraduate and junior college education. Having run for 11 years, the number of enrolled students in 2020-2021 academic year reached a new record; the one-time employment rate of graduates in 2013-2019 exceeded 95.0% for seven consecutive years. Transportation and civil engineering were approved as the first-class undergraduate majors at the provincial level and recommended to apply for the first-class undergraduate professional nurturing point at the national level.

Jinci College of Shanxi Medical University

Founded in 2002, Jinci College of Shanxi Medical University is the sole independent college of full-time undergraduate education for medical majors in Shanxi Province approved by the MOE and the People's Government of Shanxi Province and established with new mechanisms and new models. Jinci College has eight departments and divisions, including clinical medicine department, nursing department, oral medicine department, preventive medicine and management department, laboratory department, rehabilitation treatment department, imaging department and fundamentals division; and also offers 13 majors, including clinical medicine, oral medicine, anesthesiology, nursing, preventive medicine, medical laboratory technique, medical imaging technique, rehabilitation treatment, oral medicine technique, optometry, pharmaceuticals, pharmaceutical products and traditional Chinese medicine.

Business College of Guizhou University of Finance and Economics

Business College of Guizhou University of Finance and Economics is an independent undergraduate college of finance and economics in Guizhou Province. In the past six years, the enrollment work of the Group has reached a new high, and the registration rate ranked in the forefront of similar schools and ranked first in the province.

College of Science and Technology of Guizhou University

College of Science and Technology of Guizhou University is a comprehensive independent college in Qiannan Prefecture, Guizhou Province. It has successively won the titles of national "Advanced Independent College (先進獨立學院)", national "Advanced Grassroots Party Organization with Excellent Performance (創先爭優先進基層黨組織)", national "8 March Red-banner Group (三八紅旗集體)", national "Advanced Education and Scientific Research Group under the 11th Five-Year Plan ("十一五"教育科研先進集體)". At present, 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, namely Marxism-Leninism education division and sports education and research center. By offering 20 undergraduate majors including Han language literature, journalism, English, law, administration and management, public affairs management, computer science and technology, electronic information science and technology, electronic information engineering, communication engineering, Internet of things technology, finance, business administration, financial management, tourism management, visual communication design, environment design, performance, musical performance and drawing, etc., the college covers seven disciplines, including literature, law, economics, management, science, engineering and art.

Yinchuan University of Energy

Founded in October 1999, the undergraduate college is located in Ningxia and provides undergraduate and junior college education, with three campuses namely Wangtai campus, Binhe campus and Hequan Lake. The college has 12 secondary colleges and 2 education divisions and offers 34 undergraduate majors, hiring 143 teachers with medium-grade titles, 287 teachers with master or doctor degrees, and 156 dual-qualified teachers. It has the largest library among higher education institutions in Ningxia in terms of single zone area, with more than 1 million books. The college has 1 national key laboratory, 3 provincial experimental teaching demonstration centers, 3 provincial off-campus practical education bases for college students, 9 practical teaching centers, 195 experimental training rooms and 65 stable off-campus practice bases for college students built with enterprises. The college is the intended cooperative college of the national "Internet + Made in China 2025" Plan for the Integration and Promotion of Industry and Education ("互聯網+中國製造2025"產教融合促進計劃項目). The college has trained over 30,000 graduates in different fields in total and commenced skill training and assessment for various occupations, training over 13,000 corporate employees as well as urban and rural labors in aggregate. By proactively commencing external cooperation in education, the college has successively established long-term and stable school cooperation with 12 foreign high schools, and is the only private higher education institution in Ningxia that can enroll foreign students.

Tianyi College

Founded in 1994, Tianyi College was one of the first private schools in China and the first full-time private school in Southwest China approved by the MOE to be a formal private higher education institution. As at 31 August 2020, the college was successfully approved with the second batch of national 1+X pilot certificates (website operation and promotion), established three provincial featured majors, one key featured major of Sichuan Association for Non-Government Education (四川省民辦教育協會), and 20 teacher scientific research projects. In respect of cooperation between the college and enterprises, the 2016 and 2018 Baoye order classes were established by the department of construction engineering and Baoye Group, and 1 set of teaching materials was jointly developed. In respect of practical training, 41 off-campus training bases were established.

Sichuan Hope Automotive Vocational College

Sichuan Hope Automotive Vocational College was the first formal higher education institution established by the Group in Ziyang, Sichuan Province in 2013, and has been successively recognized as the high-skilled talents nurturing and training base at national and provincial levels. As at the date of this results announcement, the number of enrolled students achieved a new record high. The college has 20 majors, formulating a characterized and professional deployment oriented on automotive related majors, supported by mechanical and engineering majors, extended to operation and management majors and explored to healthcare and pre-school education majors. It has 181 practical training rooms covering over 20 categories including comprehensive automotive structure. The college has successively signed school-enterprise cooperation agreements with more than 200 well-known enterprises such as Changzheng-BMW Group (長徵寶馬集團), Sichuan Hyundai Automobile and CRRC Group. The college has successfully applied for 7 education research plans above provincial level, with 112 persons winning various awards and 25 teaching materials being involved in preparation.

Sichuan Vocational College of Culture & Communication

Sichuan Vocational College of Culture & Communication is a full-time formal higher education institution approved by the People's Government of Sichuan Province, filed by MOE, administered by the Education Office of Sichuan Province, included into the national uniform enrollment scheme and possessing the qualification of independently issuing national recognized college diploma. The college has currently established 3 provincial featured majors, namely "animation design", "public culture services and management" and "film and television multimedia technology". A relatively comprehensive professional construction structure with featured majors at school level, group level and provincial level has basically been formulated. As at the date of this results announcement, the number of students enrolled has recorded a new high.

Guizhou Vocational Institute of Technology

Guizhou Vocational Institute of Technology was the first formal higher education institution established by the Group in Guizhou Province in 2016. The college offers more than 20 majors, such as automobile inspection and maintenance technology, automobile refitting technology, automobile new energy technology, urban rail transit operation and management, accounting, tourism management, electronic commerce, nursing, applied chemistry, pharmaceutical production and technology, etc. In respect of practical training and cooperation between the college and enterprises, the college has built more than 50 experiment and training rooms, and signed school-enterprise cooperation agreements with more than 100 enterprises such as Shanghai Volkswagen, Wengfu Group, Chanhen Chemical, etc. and more than 20 county-level hospitals in Guizhou.

Sichuan TOP IT Vocational Institute

Founded in 2000, Sichuan TOP IT Vocational Institute is one of the first national demonstration software vocational and technical colleges approved by the MOE. It is also a national training base for skilled talents in short supply, a national high-skilled personnel training base for the electronic information industry, a national service outsourcing talents training base, and a training base for young technicians in the electronic information industry in Sichuan Province. The college is equipped with 7 on-campus innovative training bases for integration of industry and education, as well as more than 60 professional experimental training rooms with advanced equipment. As at the date of this results announcement, the number of students enrolled has recorded a new high.

Hebi Automotive Engineering Vocational College

Hebi Automotive Engineering Vocational College is the only formal automobile engineering higher education institution in Henan Province. Since 2020, 67 projects above department level, 38 utility model patents, 15 education research achievement awards above provincial level, 2 municipal scientific and technological progress awards (second prize) were added, while 58 academic papers (including 6 core journals) and 28 textbooks were published. In 2020, the college signed strategic cooperation agreements with 7 enterprises.

Suzhou Top Institute of Information Technology

Suzhou Top Institute of Information Technology is located in Kunshan, Jiangsu Province, with 36 majors. Focusing on school-enterprise cooperation and deepening the integration of industries and education, in 2019, the college and enterprises deepened cooperation by opening 5 customized classes in the mode of rotating the learning and work experience, as such, internship of more than 2,473 students were successfully completed. There were 27 internship projects, of which, 5 units cooperated for the first time. The college won the title of "excellent college for "government-school-enterprise" cooperation" for six consecutive years.

Sichuan Hope Automotive Technical College

Sichuan Hope Automotive Technical College is established in 2016 with the approval of the People's Government of Sichuan Province on the basis of Automobile College. The college is located in Ziyang High-tech Industrial Zone, adjacent to many well-known enterprises such as Sichuan Nanjun Automobile Group Co., Ltd., Hyundai Truck & Bus (China) Co., Ltd. and CRRC GROUP. Leveraging its geographical features, coupled with its strengths in aspects such as cultivation of technicians, technological innovation, technique competition, training and evaluation, the college collaborated with the enterprises in-depth in terms of co-building of training base, sharing of faculty, co-cultivation of technicians, co-studying in technological innovation and co-organization of technique competition. The college adhered to its school operation mode of "collaboration between school and enterprises for industrial studying" by achieving resource sharing and co-development with enterprises.

Guizhou Technical College of Technology

Guizhou Technical College of Technology is established in 2019 with the approval of the People's Government of Guizhou Province. The college is located in Fuquan City, Guizhou Province and, to date, has established partnerships with 86 major enterprises and industrial associations. In particular, the co-building of internship training bases inside and outside the college has been carried out by its department of nursing with The People's Hospital of Qiandongnan Miao and Dong Autonomous Prefecture (黔東南苗族侗族自治州人民醫院), The People's Hospital of Guiyang (貴陽市人民醫院), The First People's Hospital of Fuquan City, etc.; its department of chemical technology with Guizhou Henghua Co. LTD, etc.; and its department of automobile with BAIC Yinxiang Automobile Co., Ltd, etc..

INDUSTRY POLICY DIRECTION

In 2019, China's gross enrolment rate of higher education reached 51.6%, officially entering the stage of higher education popularisation, but there was still a big gap compared with the figure in developed countries (60.0% to 95.0%). Currently, China is promoting a high standard development in the transformation of economy in full speed, developments in industries result in demanding a higher standard for technical talents with applied skills. Meanwhile, the effect of universities to ease the pressure on employment becomes more and more important. After the issuance of "20 Principles of Vocational Education" by the Central Government in 2019, a series of specific measures have been implemented continuously, encouraging and supporting a greater development in higher vocational education, in particular to support the participation from the community in the development of vocational education. The Government Work Report approved by the National People's Congress and the Chinese People's Political Consultative Conference in 2020 states clearly that 35 million people subject to vocational skills training and expand enrolment in higher vocational colleges to 2 million people in both this year and next year. On 1 September 2020, the 15th meeting of the Central Comprehensively Deepening Reforms Commission considered and approved "Certain Opinions on Revitalising Higher Education in the Central and Western Regions in the New Era", which clearly outlined that the higher education in central and western China shall be revitalized, and to effectively stimulating the internal momentum and vitality of higher education in the central and western regions to promote the establishment of a higher education system that aligns with the development and opening-up situation in the central and western regions.

In summary, a series of policy enacted by the state make new rooms in the market and provide new development opportunity for education group engaged in higher education.

OUTLOOK

Since the inception of the Group, our priority is the provide quality higher education graduates and cultivating high quality technical talents with technical skills to the society, and focus on continuous enhancement in quality of school operation and talents cultivation with the expansion of its scale in operation, and strike a balance between speed and quality as well as scale and efficiency. Going forward, we will continue to implement the following strategies:

(1) Strengthen organic growth. In the 2019/2020 academic year, the "organic growth rate" of current students in our original schools was 21.0%. In the 2020/2021 academic year, the "organic growth rate" of current students in our original schools increased further to 73.0%. While the scale of our school operation continues to growth, we enjoy the added advantages in student recruitment ability and advantages. In the future, we will continue to expand our education management committee composed of experts in the higher education industry by actively introducing academic and professional forerunners to strengthen the Group's teaching team, strengthening the establishment of practical skills capability, and to establish the complete industry chain covering college, undergraduate, master, and doctoral education to meet the diversified demand for academic qualification enhancement and improve the standing and reputation of our school operation.

(2) Deepen external expansion. In the past 13 years, the Group has been expanding the scale of our school operation through mergers and acquisitions and the self-built asset-heavy model, as of the date of this announcement, our school operation has been increased from just one school in 2009 to 16 schools, and will reach 20 in the foreseeable circumstance. In the future, while seeking asset-heavy opportunities for external expansion, we will actively explore asset-light expansion paths and fully utilize our advantage with established, nationwide expansion and student recruitment network to further realise the potential of external development.

OTHER EVENTS

Events after the Reporting Period

(i) On 29 September 2020, all conditions precedent under the acquisition agreement in relation to the Inti International University of Malaysia had been fulfilled. Upon completion, the Inti International University of Malaysia becomes a wholly-owned subsidiary of the Company, and its financial results will be consolidated into the accounts of the Group.

(ii) On 7 October 2020, the Group entered into an acquisition agreement with Nanchang Chuangzhi Supply Chain Co., Ltd. (南昌創智供應鏈有限公司) in relation to Nanchang Dongmei Education Technology Co., Ltd. (南昌東美教育科技有限公司), Nanchang Vocational Institute of Film and Television Communication (南昌影視傳播職業學院), and Jiangxi Fanmei Art Secondary Professional School (江西泛美藝術中等專業學校) (collectively "**Nanchang Schools**"). As at the date of this announcement, the transfer of ownership of Nanchang Schools is completed and these schools become subsidiaries of the Company, and their financial results will be consolidated into the accounts of the Group.

Upon completion of the acquisition, the Group will further deepen its industry layout in Jiangxi Province, and expand its school operation network. Together with the advantage of centralized management, it can enhance the teaching level and student recruitment ability of Nanchang Schools.

(iii) On 12 October 2020, the Company entered into a share transfer agreement with Dingli Corp., Ltd. (珠海世紀鼎利科技股份有限公司) through its wholly-owned subsidiary Sichuan Tequ Mayflower Education Management Co., Ltd. (四川特驅五月花教育管理有限公司). Upon completion of the share transfer, the Company will hold approximately 8.8% of the entire share capital of Dingli through Sichuan Tequ Mayflower. On the same day, Sichuan Tequ Mayflower and Dingli entered into a subscription agreement. Upon completion of new shares issued, the Company will hold approximately 29.8% of the entire share capital of Dingli through Sichuan Tequ Mayflower.

The acquisition will diversify the scope of business of the Group and lay a foundation for new business development for the Group; seek greater industrial synergy and expand channels for the growth of the Group; enhance the market competitiveness of the Group; especially in seeking for room of breakthrough in industry extension of vocational education.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is the foundation to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Throughout the eight months ended 31 August 2020, the Company has complied with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors for the eight months ended 31 August 2020.

Having made specific enquiry with all Directors, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the eight months ended 31 August 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the eight months ended 31 August 2020.

PAYMENT OF FINAL DIVIDEND

The Board has resolved to proposed payment of a final dividend of RMB0.008 per share for the eight months ended 31 August 2020, in a total amount of RMB60.38 million, and the final dividend shall be proposed in RMB and be paid in Hong Kong dollars. The exchange rate adopted for such translation is the average middle exchange rate published by the People's Bank of China of the five business days prior to the declaration of final dividend (i.e. from 20 November 2020 to 26 November 2020) (HK$1.0 to RMB0.8484). Accordingly, the amount of the final dividend payable in Hong Kong dollars will be HK$0.98 cents per share. For details regarding distribution date of dividend, registration date of equity interest, closure of register of members and the convene of annual general meeting, please refer to the announcement to be made in due course.

USE OF PROCEEDS

(1) Use of Proceeds from the Listing

The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately RMB2,704.86 million. As at 31 August 2020, the Group has utilized a total of RMB1,767.49 million of the net proceeds in accordance with the allocation set out in the Prospectus.

The following sets forth a summary of the utilization of the net proceeds:

Use	% of total	Net proceeds *RMB (million)*	Amount utilized (as at 31 August 2020) *RMB (million)*	Amount unutilized (as at 31 August 2020) *RMB (million)*
Used to acquire higher education schools and establish new campus for the acquired schools	40.0%	1,081.94	219.64	862.30
Used to construct new buildings for education purposes	30.0%	811.46	731.50	79.96
Used to repay bank loans and other borrowings	20.0%	540.97	540.97	–
Used for working capital and general corporate purposes	10.0%	270.49	270.49	–
Total	100.0%	2,704.86	1,762.60	942.26

The remaining balance of the net proceeds (approximately RMB942.26 million) have been deposited in banks. The Group expects that the remaining net proceeds shall be utilized gradually in accordance to the actual business needs and in the manner stated in the Prospectus, and they shall be fully utilized within five years.

(2) Use of Proceeds from the Placing of New Shares under General Mandate

On 13 August 2020, the Company placed a total of 465,000,000 new shares ("**Placing**") at a placing price of HK$2.55 per share (the net placing price is HK$2.53 per share) to not less than six Placees who are individual, enterprise, institution or other investors.

On 5 August 2020 (being the date on which terms of Placing have been determined), the closing price is HK$2.78, and the aggregate nominal value of Placing Shares is approximately US$4,650 and the market price is approximately HK$1,292.70 million. The gross proceeds from the Placing is approximately HK$1,185.75 million, the net proceeds from the Placing, after deducting the underwriting fees and related expenses, is approximately HK$1,176.77 million.

The Company intends to apply the net proceeds from the Placing primarily for acquisitions of schools in the PRC, construction and development of the Company's schools in the PRC and general corporate purpose as to:

(a) approximately 70.0% to 80.0% of the net proceeds will be utilized to further extend the school operation network of the Company and to seek more opportunities for expansion; and

(b) approximately 20.0% to 30.0% of the net proceeds will be utilized to further enhance the level of operating the existing colleges and universities, improve the conditions of hardware and increase the investment of practical equipment.

Please refer to the announcements of the Company dated 6 August 2020 and 13 August 2020 for details of the Placing.

As at 31 August 2020, none of the proceeds from the Placing have been utilized by the Company, the Group anticipated that the remaining net proceeds shall be utilized gradually in a manner stated in the announcement of placing of new share in accordance to the actual business needs, and shall be fully utilized within five years.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the eight months ended 31 August 2020.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information (not including the unaudited figures for the years ended 31 August 2020 and 31 August 2019) set out in this announcement does not constitute the Group's audited accounts for the eight months ended 31 August 2020, but represents an extract from the consolidated financial statements for the eight months ended 31 August 2020 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the audit committee of the Company and approved by the Board.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopeedu.com). The annual report for the eight months ended 31 August 2020, containing all the information required under Appendix 16 of the Listing Rules, will be dispatched to the Shareholders in due course and available on the above websites.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eight months ended 31 August 2020

	Notes	**Eight months ended 31 August 2020** *RMB'000*	Year ended 31 December 2019 *RMB'000*
Revenue	*2*	**872,075**	1,331,375
Cost of sales		**(494,464)**	(656,873)
Gross profit		**377,611**	674,502
Other income and gains	*2*	**129,745**	253,628
Gain on a bargain purchase		**–**	27,256
Selling expenses		**(41,279)**	(45,283)
Administrative expenses		**(113,600)**	(172,401)
Other expenses		**(42,644)**	(16,459)
Finance costs	*3*	**(143,940)**	(170,681)
Share of profit/(loss) of a joint venture		**(144)**	5,177
Profit before tax	*4*	**165,749**	555,739
Income tax expense	*5*	**(46,400)**	(65,708)
Profit for the period/year		**119,349**	490,031
Other comprehensive income for the period/year		**–**	–
Total comprehensive income for the period/year		**119,349**	490,031
Profit and total comprehensive income attributable to:			
Owners of the Company		**119,224**	489,872
Non-controlling interests		**125**	159
		119,349	490,031
Earnings per share attributable to ordinary equity holders of the Company:	*7*		
Basic		**RMB0.018**	RMB0.073
Diluted		**RMB0.017**	RMB0.072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2020

	Notes	**31 August 2020** ***RMB'000***	31 December 2019 *RMB'000* *(Restated)*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,065,150**	4,563,972
Right-of-use assets		**1,319,119**	1,163,340
Goodwill		**590,456**	590,456
Amounts due from related parties		**288,556**	275,110
Other intangible assets		**212,291**	218,976
Investment in a joint venture		**196,098**	196,242
Prepayments, deposits and other receivables	*9*	**335,857**	224,815
Restricted bank balances		**179,851**	108,787
Pledged deposits		**268,000**	–
Deferred tax assets		**2,424**	1,404
Total non-current assets		**8,457,802**	7,343,102
CURRENT ASSETS			
Trade receivables	*8*	**27,953**	3,714
Prepayments, deposits and other receivables	*9*	**909,135**	720,787
Amounts due from related parties		**56,052**	30,868
Structured deposits		**–**	1,002,967
Financial assets at fair value through profit or loss		**5,000**	9,310
Restricted bank balances		**50,000**	50,000
Pledged deposits		**15,700**	–
Cash and cash equivalents		**2,894,437**	1,690,419
Total current assets		**3,958,277**	3,508,065

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	Notes	**31 August 2020**	31 December 2019
		RMB'000	*RMB'000*
			(Restated)
CURRENT LIABILITIES			
Contract liabilities	*2*	**403,620**	806,431
Trade payables	*10*	**37,573**	33,610
Other payables and accruals		**1,307,621**	1,137,501
Lease liabilities		**28,965**	27,825
Deferred income	*11*	**37,683**	32,545
Interest-bearing bank and other borrowings		**1,443,333**	1,003,293
Amounts due to related parties		**21,694**	30,763
Taxes payable		**87,759**	65,203
Total current liabilities		**3,368,248**	3,137,171
NET CURRENT ASSETS		**590,029**	370,894
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,047,831**	7,713,996

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	Notes	**31 August 2020** *RMB'000*	31 December 2019 *RMB'000* *(Restated)*
NON-CURRENT LIABILITIES			
Deferred income	*11*	**1,252,665**	1,072,673
Interest-bearing bank and other borrowings		**1,670,072**	1,593,599
Deferred tax liabilities		**5,687**	5,889
Lease liabilities		**120,129**	132,662
Other payables		**312,861**	343,885
Total non-current liabilities		**3,361,414**	3,148,708
NET ASSETS		**5,686,417**	4,565,288
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**493**	454
Reserves		**5,682,728**	4,561,763
		5,683,221	4,562,217
Non-controlling interests		**3,196**	3,071
Total equity		**5,686,417**	4,565,288

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the eight months ended 31 August 2020

	Attributable to owners of the Company								
	Issued capital *RMB'000*	Share premium* *RMB'000*	Capital reserve* *RMB'000*	Statutory surplus reserve* *RMB'000*	Share option reserve* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2019	454	2,701,755	598,426	234,221	122,345	500,069	4,157,270	2,882	4,160,152
Profit and total comprehensive income for the year	–	–	–	–	–	489,872	489,872	159	490,031
Transfer from retained profits	–	–	–	85,749	–	(85,749)	–	–	–
Deemed contribution from equity holders of the Company	–	–	48,042	–	–	–	48,042	–	48,042
Acquisition of a subsidiary with a non-controlling interest	–	–	–	–	–	–	–	30,000	30,000
Acquisition of a non-controlling interest	–	–	(48,000)	–	–	–	(48,000)	(30,000)	(78,000)
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	30	30
Final 2018 dividend declared	–	(105,495)	–	–	–	–	(105,495)	–	(105,495)
Equity-settled share option arrangements	–	–	–	–	20,528	–	20,528	–	20,528
At 31 December 2019 and 1 January 2020	**454**	**2,596,260**	**598,468**	**319,970**	**142,873**	**904,192**	**4,562,217**	**3,071**	**4,565,288**
Profit and total comprehensive income for the period	–	–	–	–	–	119,224	119,224	125	119,349
Transfer from retained profits	–	–	–	45,296	–	(45,296)	–	–	–
Placing of new shares	32	1,062,080	–	–	–	–	1,062,112	–	1,062,112
Share issue expenses	–	(8,048)	–	–	–	–	(8,048)	–	(8,048)
Equity-settled share option arrangements	–	–	–	–	862	–	862	–	862
Transfer from the share option reserve upon the lapse of share option	–	–	–	–	(51)	51	–	–	–
Issue of shares upon the exercise of share option	7	124,230	–	–	(25,215)	–	99,022	–	99,022
Final 2019 dividend declared	–	(152,168)	–	–	–	–	(152,168)	–	(152,168)
As at 31 August 2020	**493**	**3,622,354**	**598,468**	**365,266**	**118,469**	**978,171**	**5,683,221**	**3,196**	**5,686,417**

* These reserve accounts comprise the consolidated reserves of RMB5,682,728,000 in the consolidated statement of financial position as at 31 August 2020 (at 31 December 2019: RMB4,561,763,000).

CONSOLIDATED STATEMENT OF CASH FLOWS
For the eight months ended 31 August 2020

	Notes	**Eight months ended 31 August 2020** *RMB'000*	Year ended 31 December 2019 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**165,749**	555,739
Adjustments for:			
Depreciation of items of property, plant and equipment	*4*	**129,990**	163,700
Depreciation of right-of-use assets	*4*	**39,586**	42,977
Amortisation of other intangible assets	*4*	**8,225**	10,855
Deferred income released to profit or loss	*2*	**(9,978)**	(15,508)
Interest income	*2*	**(57,772)**	(94,489)
Finance costs	*3*	**143,940**	170,681
Gains on disposal of items of property, plant and equipment, net	*2,4*	**(7,360)**	(17,262)
Losses on disposal of subsidiaries	*4*	**783**	2,011
Gain on a bargain purchase		**–**	(27,256)
Equity-settled share option expense		**862**	20,528
Share of profit/(loss) of a joint venture		**144**	(5,177)
Fair value gains on financial assets at fair value through profit or loss, net		**(12,803)**	(16,557)
Foreign exchange gains/(losses), net		**33,328**	(37,965)
		434,694	752,277

continued/...

	Eight months ended 31 August 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*
Decrease/(increase) in prepayments, deposits and other receivables	**81,915**	(97,928)
Increase in trade receivables	**(24,239)**	(3,180)
Increase in amounts due from related parties	**(15,902)**	(19,200)
Decrease/(increase) in contract liabilities	**(402,811)**	93,466
Increase in trade payables	**3,963**	33,610
Decrease in amounts due to related parties	**(1,415)**	(2,829)
Decrease in other payables and accruals	**(6,575)**	(54,501)
Receipt of government grants related to expense items	**6,880**	3,484
Cash generated from operations	**76,510**	705,199
Bank interest received	**4,935**	33,102
Corporate income tax paid	**(22,751)**	(41,271)
Net cash flows from operating activities	**58,694**	697,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(536,743)**	(278,978)
Prepaid land lease payments	**(197,512)**	(293,590)
Additions to other intangible assets	**(1,728)**	(3,377)
Payment of other payables relating to disposal of items of property, plant and equipment in the prior year	**–**	(19,887)
Acquisition of subsidiaries	**–**	(377,031)
Acquisition of a subsidiary that is not a business	**–**	(69,999)
Payments for acquisitions of subsidiaries in the prior year	**(34,636)**	–
Prepayment for acquisition of equity interests	**(290,023)**	–
Proceeds from disposal of items of property, plant and equipment	**17,433**	26,439
Decrease from disposal of a subsidiary	**(243)**	–
Increase in amounts due from related parties	**(13,446)**	(275,337)
Receipt of government grants for property, plant and equipment	**188,228**	420,106
Loans to independent third parties	**(50,961)**	(22,000)

continued/...

	Eight months ended 31 August 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*
Decrease in time deposits with original maturity of over three months	**295,986**	154,014
Proceeds from disposal of subsidiaries in the prior year	**1,000**	–
Decrease/(increase) in financial assets at fair value through profit or loss, net	**1,006,670**	(1,011,670)
Proceeds from disposal of financial assets at fair value through profit or loss	**14,439**	16,983
Interest income received from time deposits	**10,076**	26,918
Loan repaid by an independent third party	**–**	1,120
Interest income received from an independent third party	**–**	154
Interest income received from a related party	**5,738**	–
Increase in restricted bank balances	**(71,064)**	(158,787)
Increase in pledged deposits	**(283,700)**	–
Net cash flows from/(used in) investing activities	**59,514**	(1,864,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	**734,000**	944,950
Repayment of bank and other borrowings	**(222,321)**	(632,212)
Interest paid	**(79,434)**	(123,824)
Dividends paid	**(152,168)**	(105,495)
Principal portion of lease payments	**(11,393)**	(14,479)
Interest portion of the lease liabilities	**(6,476)**	(10,660)
Acquisition of a non-controlling interest	**–**	(60,000)
Capital contribution by a non-controlling shareholder	**–**	30
Proceeds from placing of new shares	**1,062,112**	–
Share issue expenses	**(8,048)**	–
Proceeds from the issue of shares from exercise of share options	**99,022**	–
Prepaid transaction fee for a syndicated loan granted to the Group	**(305)**	–
Repayment of loans from related parties	**–**	(34,787)
Repayment of other loans recorded in other payables	**–**	(28,068)
Net cash flows from/(used in) financing activities	**1,414,989**	(64,545)

continued/...

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,533,197**	(1,232,437)
Cash and cash equivalents at beginning of the period/year	**1,394,433**	2,588,905
Effect of foreign exchange rate changes, net	**(33,193)**	37,965
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	**2,894,437**	1,394,433
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as stated in the consolidated statement of financial position	**2,894,437**	1,690,419
Less: Non-pledged time deposits with original maturity of over three months	**–**	(295,986)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**2,894,437**	1,394,433

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the eight months ended 31 August 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. REVENUE, OTHER INCOME AND GAINS

Revenue

Revenue represents the values of services rendered after deducting scholarships and refunds during the Period and the year ended 31 December 2019.

An analysis of revenue from contracts with customers is as follows:

(a) Disaggregated revenue information

	Note	**Eight months ended 31 August 2020** ***RMB'000***	Year ended 31 December 2019 *RMB'000*
Type of services			
Tuition fees		**740,719**	1,092,933
Boarding fees		**57,973**	102,547
Sales of books and daily necessities		**20,228**	35,083
Others	*(i)*	**53,155**	100,812
		872,075	1,331,375

	Eight months ended 31 August 2020 ***RMB'000***	Year ended 31 December 2019 *RMB'000*
Timing of revenue recognition		
Services transferred over time	**851,847**	1,296,292
Goods transferred at a point in time	**20,228**	35,083
Total revenue from contracts with customers	**872,075**	1,331,375

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of education services

The performance obligations of the services are satisfied over time as the services are rendered in each academic year or training period and advances are required before rendering the services.

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment in advance is normally required.

Changes in contract liabilities during the period/year are as follows:

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Carrying amount at beginning of the period/year	**806,431**	590,785
Additions from acquisition of subsidiaries	**–**	122,180
Increase due to cash received, excluding amounts recognised as revenue during the period/year	**372,086**	770,700
Carrying amount at end of the period/year	**403,620**	806,431

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered. The decrease in contract liabilities was mainly due to the delay in the beginning of the fall semester as a result of impact of COVID-19 pandemic that leads to the delay in the receipt of advances of tuition and boarding fees from students.

As at 31 August 2020, all the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied (or partially unsatisfied) contracts is not disclosed.

Other income and gains

An analysis of other income and gains is as follows:

	Notes	Eight months ended 31 August 2020 RMB'000	Year ended 31 December 2019 RMB'000
Other income			
Bank interest income		**14,565**	56,965
Interest income from loan to a related party		**14,496**	5,413
Interest income from loans to independent third parties		**28,711**	32,111
Total interest income		**57,772**	94,489
Deferred income released to profit or loss:	*11*		
– related to assets		**7,467**	10,250
– related to expenses		**2,511**	5,258
Government grants received	*(ii)*	**2,422**	10,799
Rental income		**13,028**	17,517
Service income	*(iii)*	**14,375**	33,926
Donation income		**50**	422
Others	*(i)*	**11,357**	8,011
		108,982	180,672
Gains			
Gains on disposal of items of property, plant and equipment		**7,960**	18,434
Fair value gains on financial assets at fair value through profit or loss, net		**12,803**	16,557
Gain on exchange differences, net		**–**	37,965
		20,763	72,956
Total other income and gains		**129,745**	253,628

Notes:

(i) During the Period and the year ended 31 December 2019, "others" mainly represented income received from the provision of other education services, including self-study examination education services, adult education services, training services to the students and independent third parties, which was amortised within the training periods of the service rendered.

(ii) Government grants received represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income when received. There were no unfulfilled conditions or contingencies relating to these grants.

(iii) During the Period and the year ended 31 December 2019, service income mainly represented income derived from granting the rights of canteen and convenient store operations to independent third party operators; income from human resource service provided to independent third parties; and income from property management services and security and dormitory management services provided to related parties.

3. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**119,371**	155,084
Less: interest capitalised	**–**	(2,210)
Increase in the discounted amount of payables arising from the passage of time	**18,093**	7,147
Interest on lease liabilities	**6,476**	10,660
	143,940	170,681
Capitalisation rate of borrowing costs capitalised	**–**	7.14%

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	**Eight months ended 31 August 2020**	Year ended 31 December 2019
		RMB'000	*RMB'000*
Cost of service provided		**494,464**	656,873
Employee benefit expense:			
Wages and salaries		**266,029**	313,101
Equity-settled share option expense		**645**	10,186
Pension scheme contributions (defined contribution scheme)		**41,022**	63,156
		307,696	386,443
Management fees	*(i)*	**76,437**	125,369
Depreciation of property, plant and equipment		**129,990**	163,700
Depreciation of right-of-use assets*		**39,586**	42,977
Amortisation of other intangible assets		**8,225**	10,855
Marketing and advertising costs		**5,733**	15,406
Lease payments not included in the measurement of lease liabilities		**694**	1,229
Auditors' remuneration		**5,700**	6,500
Equity-settled share option expense		**217**	10,342
Losses on disposal of subsidiaries		**783**	2,011
Losses on disposal of items of property, plant and equipment		**600**	1,172

* During the Period, the depreciation of right-of-use assets of RMB39,586,000 (For the year ended 31 December 2019: RMB42,977,000) and RMB2,147,000 (For the year ended 31 December 2019: Nil) are recognised in profit and loss and capitalised as addition to construction in progress, respectively.

Note:

(i) During the Period and the year ended 31 December 2019, management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

5. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Period and the year ended 31 December 2019. The major components of income tax expense of the Group are as follows:

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Current – Mainland China		
PRC corporate income tax for the period/year	**28,417**	35,567
PRC LAT for the period/year	**2,333**	5,280
Underprovision of PRC corporate income tax in prior years	**16,872**	30,530
Deferred	**(1,222)**	(5,669)
Total tax charged for the period/year	**46,400**	65,708

Tax payable/(prepaid PRC LAT) in the consolidated statement of financial position represents the following:

	31 August 2020	31 December 2019
	RMB'000	*RMB'000*
Payable for PRC corporate income tax	**87,759**	65,203
Prepaid PRC land appreciation tax	**(715)**	(3,048)
	87,044	62,155

6. DIVIDENDS

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Proposed final – HK$0.98 cents (2019: HK$2.5 cents) per ordinary share	**60,378**	150,348

The proposed final dividend for the Period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic and diluted earnings per share attributable to ordinary equity holders of the Company are based on the following data:

	Eight months ended 31 August 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the calculation of the basic and diluted earnings per share	**119,224**	489,872

	Number of shares	
	Eight months ended 31 August 2020	Year ended 31 December 2019
Shares		
Weighted average number of ordinary shares used in the basic earnings per share calculation (note(i))	**6,736,441,569**	6,666,668,000
Effect of dilution – weighted average number of ordinary shares: Share options (note(ii))	**162,420,837**	91,348,060
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**6,898,862,406**	6,758,016,060

Notes:

(i) The weighted average number of 6,736,441,569 ordinary shares in issue during the Period has been adjusted to reflect the placing of 465,000,000 shares and issue of 98,213,918 shares upon the exercise of share option (For the year ended 31 December 2019: 6,666,668,000 ordinary shares in issue during the year ended 31 December 2019).

(ii) The weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

8. TRADE RECEIVABLES

	31 August 2020 *RMB'000*	31 December 2019 *RMB'000*
Tuition and boarding fee receivables	**27,953**	3,714
Impairment	**–**	–
	27,953	3,714

Trade receivables as at the end of the reporting period which are based on the transaction date were not individually nor collectively considered to be impaired. The outstanding receivables represent amounts due from students who have applied for work-study programs and amounts due from certain students who have applied for scholarships receivable from government. There is no fixed term for the trade receivable. As the Group's tuition and boarding fees relate to a large number of individual students, there is no significant concentration of credit risk. The trade receivables have no recent history of default.

No expected credit losses were provided as it is assessed that the overall expected credit loss rate for the above financial assets measured at amortised cost is minimal.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	31 August 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 1 month	**2,034**	1,068
1 to 2 months	**107**	–
2 to 3 months	**6,558**	–
Over 3 months	**19,254**	2,646
	27,953	3,714

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**31 August 2020** *RMB'000*	31 December 2019 *RMB'000*
Current portion:			
Loans to third parties	*(a)*	**707,551**	468,550
Interest receivables from third parties	*(a)*	**95,469**	58,849
Cash in transit		**37,534**	–
Prepayments for management fees		**1,567**	72,734
Prepaid expenses		**12,706**	12,248
Deposits		**14,037**	13,225
Refundable deposit related to proposed equity acquisitions		**–**	70,011
Staff advances		**3,530**	1,775
Interest receivable from time deposits		**4,354**	7,000
Other receivables		**32,387**	16,395
		909,135	720,787
Non-current portion:			
Prepayments for property, plant and equipment		**19,569**	3,375
Prepayments for intangible assets		**–**	1,000
Prepayments for acquisitions		**291,288**	–
Prepayments for land lease payments		**25,000**	220,440
		335,857	224,815
		1,244,992	945,602

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 August 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 1 month	**17,795**	26,676
1 to 2 months	**3,450**	2,433
2 to 3 months	**1,300**	1,440
Over 3 months	**15,028**	3,061
	37,573	33,610

The trade payables are non-interest-bearing and are normally settled on one to ten months' terms.

11. DEFERRED INCOME

	Eight months ended 31 August 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*
Government grants related to assets		
At beginning of the period/year	**1,083,402**	667,490
Government grants received	**188,228**	420,106
Acquisition of subsidiaries	**–**	6,056
Released to profit or loss	**(7,467)**	(10,250)
At end of the period/year	**1,264,163**	1,083,402
Current	**11,498**	10,729
Non-current	**1,252,665**	1,072,673
	1,264,163	1,083,402
Government grants related to expense items		
At beginning of the period/year	**21,816**	–
Government grants received	**6,880**	3,484
Acquisition of subsidiaries	**–**	23,590
Released to profit or loss	**(2,511)**	(5,258)
At end of the period/year – Current	**26,185**	21,816

Deferred income related to assets mainly represents the government grants received for subsidies relating to the construction of certain buildings. These grants related to assets are released to profit or loss as other income over the expected useful lives of the relevant assets.

Deferred income related to expense items refers to government grants received for the purpose of subsidizing-teaching related operating costs incurred during to the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set forth below:

"Board" or "Board of Directors"	The board of Directors of the Company
"Business College of Guizhou University of Finance and Economics"	Business College of Guizhou University of Finance and Economics (貴州財經大學商務學院), a college established under the laws of PRC in 2004, acquired by our Group in April 2014 and approved by the MOE to be operated under the cooperation between Guizhou University of Finance and Economics and our Group in September 2014
"Business Day" or "Business Days"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Corporate Governance Code"	The code on corporate governance set out in Appendix 14 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company"	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
"Director(s)"	The directors of our Company
"Group," "our Group," "We" or "Us"	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Group became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HK$" or "Hong Kong Dollar(s)"	The lawful currency of Hong Kong, Hong Kong dollars
"Hong Kong" or "HK"	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) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005

"IFRS"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company and its subsidiaries or any of their respective associates
"Jinci College of Shanxi Medical University"	Jinci College of Shanxi Medical University* (山西醫科大學晉祠學院), a college established under the laws of PRC in June 2002, acquired by our Group in April 2014, and approved by the MOE to be operated under the cooperation between Shanxi Medical University and our Group in August 2014
"Listing"	The listing of the Company's Shares on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	The Model Code for securities transactions by Directors of listed issuers set out in Appendix 10 to the Listing Rules
"MOE"	Ministry of Education of the PRC
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	For the eight months ended 31 August 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"Share(s)"	Ordinary share(s) of a nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Sichuan Hope Automotive Technical College"	Sichuan Hope Automotive Technical College* (四川希望汽車技師學院), a college established by our Group under the laws of PRC in July 2016

"Sichuan Hope Automotive Vocational College"	Sichuan Hope Automotive Vocational College* (四川希望汽車職業學院), a college established by our Group under the laws of PRC in March 2013
"Sichuan TOP IT Vocational Institute"	Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院), a college established by Sichuan TOP Education Co., Ltd. (四川托普教育股份有限公司) in June 2000 and acquired by our Group in December 2017
"Sichuan Vocational College of Culture & Communication"	Sichuan Vocational College of Culture & Communication* (四川文化傳媒職業學院), a college established as a higher vocational college in 2005 and acquired by our Group in March 2014
"Southwest Jiaotong University Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院), a college approved by the MOE to be established under the cooperation between Southwest Jiaotong University, Chengdu West Hope Group Limited and our Group in April 2009
"Dingli Corp."	Dingli Corp., Ltd., a joint stock limited company established in the PRC, whose A shares have been listed on the Shenzhen Stock Exchange (stock code: 300050)
"Tequ Mayflower"	Sichuan Tequ Mayflower Education Management Co., Ltd., a limited liability company established in PRC, and is the wholly-foreign-owned enterprises of Hope Education Group (Hong Kong) Company Limited
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	Has the meaning ascribed to it in the Listing Rules
"The College of Science and Technology of Guizhou University"	The College of Science and Technology of Guizhou University* (貴州大學科技學院), a college established under the laws of PRC in May 2001, approved by the MOE to be operated under the cooperation between Guizhou University and a third party in December 2014
"Tianyi College"	Sichuan Tianyi College* (四川天一學院), a college established and named as Sichuan Tianyi Open College (四川天一開放函授進修學院) in 1991, approved by the State Education Commission (currently, the MOE) to be a formal junior-college-level higher education institution in 1994 and acquired by our Group in September 2011

"U.S. Dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"%"	Percent

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

Hong Kong, 27 November 2020

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