

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong. [As described in Appendix VI headed “Documents Delivered to the Registrar of Companies and Available for Inspection” to this document, a copy of the accountants’ report is available for inspection.]

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA GENERAL EDUCATION GROUP LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of China General Education Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-4] to [I-75], which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 August 2018, 2019 and 2020 and the four months ended 31 December 2020 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 August 2018, 2019 and 2020 and 31 December 2020 and the statements of financial position of the Company as at 31 August 2019 and 2020 and 31 December 2020 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-75] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group as at 31 August 2018, 2019 and 2020 and 31 December 2020 and the financial position of the Company as at 31 August 2019 and 2020 and 31 December 2020, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the four months ended 31 December 2019 and other explanatory information (the “Interim Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

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Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]

Certified Public Accountants

Hong Kong

[●]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						(unaudited)
REVENUE	5	267,361	266,273	271,083	110,949	110,284
Cost of sales		(96,309)	(108,474)	(107,147)	(46,100)	(46,107)
Gross profit		171,052	157,799	163,936	64,849	64,177
Other income and gains	5	12,779	18,196	18,967	7,823	4,820
Selling and distribution expenses		(221)	(300)	(277)	(224)	(277)
Administrative expenses		(34,620)	(37,928)	(39,782)	(13,976)	(17,436)
Other expenses		(4,236)	(189)	(109)	–	(423)
PROFIT BEFORE TAX	6	144,754	137,578	142,735	58,472	50,861
Income tax expense	9	–	–	–	–	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>144,754</u>	<u>137,578</u>	<u>142,735</u>	<u>58,472</u>	<u>50,861</u>
Attributable to:						
Owners of the Company		144,754	137,594	142,761	58,509	50,861
Non-controlling interests		–	(16)	(26)	(37)	–
		<u>144,754</u>	<u>137,578</u>	<u>142,735</u>	<u>58,472</u>	<u>50,861</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY						
Basic and diluted	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 August			As at
		2018	2019	2020	31 December
		RMB'000	RMB'000	RMB'000	2020
				RMB'000	
NON-CURRENT ASSETS					
Property, plant and equipment	12	606,887	654,025	649,760	637,771
Right-of-use assets	13	67,848	89,438	89,799	89,030
Other intangible assets	14	4,216	4,152	4,395	4,387
Other non-current assets	15	11,672	8,356	7,771	7,248
Total non-current assets		690,623	755,971	751,725	738,436
CURRENT ASSETS					
Trade receivables	16	96	115	94	240
Prepayments, other receivables and other assets	17	74,124	247,113	19,654	6,708
Amounts due from directors	27	29,169	–	–	–
Amount due from a related party	27	316	–	–	838
Financial assets at fair value through profit or loss	18	–	30,124	311,657	400,000
Time deposits	19	10,000	–	–	–
Cash and cash equivalents	19	300,642	211,826	89,127	211,356
Total current assets		414,347	489,178	420,532	619,142
CURRENT LIABILITIES					
Contract liabilities	21	221,191	203,481	2,508	180,046
Other payables and accruals	20	104,273	119,678	95,047	57,462
Amounts due to directors	27	–	2,184	–	–
Amounts due to related parties	27	1,118	3,840	5,501	8
Total current liabilities		326,582	329,183	103,056	237,516
NET CURRENT ASSETS		87,765	159,995	317,476	381,626
TOTAL ASSETS LESS CURRENT LIABILITIES		778,388	915,966	1,069,201	1,120,062
Net assets		778,388	915,966	1,069,201	1,120,062
EQUITY					
Equity attributable to owners of the Company					
Share capital	22	–	–	–	–
Reserves	23	778,388	915,982	1,069,243	1,120,062
		778,388	915,982	1,069,243	1,120,062
Non-controlling interests		–	(16)	(42)	–
Total equity		778,388	915,966	1,069,201	1,120,062

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total equity RMB'000
	Share capital	Capital reserve*	Statutory and other surplus reserves*	Retained profits*	Total	Non-controlling interests	
	RMB'000 Note 22	RMB'000 Note 23(a)	RMB'000 Note 23(b)	RMB'000	RMB'000	RMB'000	
As at 1 September 2017	–	72,778	141,203	419,653	633,634	–	633,634
Profit and total comprehensive income for the year	–	–	–	144,754	144,754	–	144,754
Appropriations to statutory surplus reserves	–	–	37,066	(37,066)	–	–	–
As at 31 August 2018	<u>–</u>	<u>72,778</u>	<u>178,269</u>	<u>527,341</u>	<u>778,388</u>	<u>–</u>	<u>778,388</u>
As at 1 September 2018	–	72,778	178,269	527,341	778,388	–	778,388
Profit and total comprehensive income for the year	–	–	–	137,594	137,594	(16)	137,578
Appropriations to statutory surplus reserves	–	–	34,409	(34,409)	–	–	–
As at 31 August 2019	<u>–</u>	<u>72,778</u>	<u>212,678</u>	<u>630,526</u>	<u>915,982</u>	<u>(16)</u>	<u>915,966</u>
As at 1 September 2019	–	72,778	212,678	630,526	915,982	(16)	915,966
Profit and total comprehensive income for the year	–	–	–	142,761	142,761	(26)	142,735
Capital contribution from the then equity holders of subsidiaries	–	10,500	–	–	10,500	–	10,500
Appropriations to statutory surplus reserves	–	–	35,748	(35,748)	–	–	–
As at 31 August 2020	<u>–</u>	<u>83,278</u>	<u>248,426</u>	<u>737,539</u>	<u>1,069,243</u>	<u>(42)</u>	<u>1,069,201</u>

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	Attributable to owners of the parent							Total equity
	Share capital	Capital reserve*	Statutory and other		Retained profits*	Total	Non-controlling interests	
			surplus reserves*	Other reserve*				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 22	Note 23(a)	Note 23(b)	Note 23(c)				
As at 1 September 2020	–	83,278	248,426	–	737,539	1,069,243	(42)	1,069,201
Profit and total comprehensive income for the period	–	–	–	–	50,861	50,861	–	50,861
Deemed acquisition of non-controlling interests	–	–	–	(42)	–	(42)	42	–
Appropriations to statutory surplus reserves	–	–	12,756	–	(12,756)	–	–	–
As at 31 December 2020	–	83,278	261,182	(42)	775,644	1,120,062	–	1,120,062
As at 1 September 2019	–	72,778	212,678	–	630,526	915,982	(16)	915,966
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	58,509	58,509	(37)	58,472
Capital contribution from the then equity holders of subsidiaries (unaudited)	–	500	–	–	–	500	–	500
Appropriations to statutory surplus reserves (unaudited)	–	–	14,661	–	(14,661)	–	–	–
As at 31 December 2019 (unaudited)	–	73,278	227,339	–	674,374	974,991	(53)	974,938

* These reserve accounts represent the total consolidated reserves of RMB778,388,000, RMB915,982,000, RMB1,069,243,000 and RMB1,120,062,000 in the consolidated statements of financial position as at 31 August 2018, 2019 and 2020 and 31 December 2020, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
						(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax:		144,754	137,578	142,735	58,472	50,861
Adjustments for:						
Bank interest income	5	(226)	(362)	(347)	(213)	(261)
Interest income from financial products	5	(5,371)	(7,761)	(9,627)	(2,880)	(3,020)
Loss on disposal of items of property, plant and equipment, net	6	434	136	69	–	82
Fair value gains on financial assets at fair value through profit or loss	5	–	(124)	(1,657)	(1,095)	–
Loss on disposal of subsidiaries	6	164	–	–	–	–
Write-off of other receivables	6	3,378	–	–	–	–
Depreciation of property, plant and equipment	6	30,107	36,008	36,574	12,443	11,968
Depreciation of right-of-use assets	6	1,581	2,028	2,275	749	769
Amortisation of other intangible assets	6	838	1,306	1,328	486	585
Decrease/(increase) in trade receivables		40	(19)	21	(127)	(146)
Decrease/(increase) in prepayments, other receivables and other assets		998	(21,765)	17,671	25,669	14,487
Increase/(decrease) in contract liabilities		172,755	(17,710)	(200,973)	(36,476)	177,538
Increase/(decrease) in other payables and accruals		26,767	8,998	(14,064)	(12,743)	(20,613)
Decrease/increase in amounts due from related parties		79	316	–	–	(838)
(Decrease)/increase in amounts due to related parties		(4,757)	2,649	209	1,210	(5,493)
Cash generated from/(used in) operations		371,541	141,278	(25,786)	45,495	225,919
Interest received		226	362	347	213	261
Income tax paid		–	–	–	–	–
Net cash flows from/(used in) operating activities		371,767	141,640	(25,439)	45,708	226,180

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	<i>Notes</i>	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
						(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		4,909	6,537	11,438	4,690	3,020
Acquisition of land use rights		–	(23,618)	(2,636)	(450)	–
Additions to other intangible assets		(2,841)	(1,242)	(2,071)	(398)	(577)
Proceeds from disposal of other non-current assets		–	1,692	–	–	–
Disposal of subsidiaries	28	(3,225)	–	–	–	–
Purchases of items of property, plant and equipment		(52,090)	(75,651)	(34,288)	(19,444)	(23,914)
Receipt of government grants for equipment and other intangible assets		–	500	500	–	5,863
Proceeds from disposal of items of property, plant and equipment		385	–	–	–	–
Additions to time deposits with original maturity of three months or more when acquired		(70,000)	(5,000)	–	–	–
Withdrawal of time deposits with original maturity of three months or more when acquired		60,000	15,000	–	–	–
Purchases of financial products		(685,000)	(1,270,000)	–	–	–
Proceeds from sale of financial products		635,000	1,120,000	200,000	200,000	–
Purchases of financial assets at fair value through profit or loss		(36,800)	(170,000)	(1,540,000)	(630,000)	(910,000)
Proceeds from sale of financial assets at fair value through profit or loss		36,800	140,000	1,260,000	330,000	821,657
Repayment from a director	27	4,726	29,069	–	–	–
Advance to a director	27	(7,504)	–	–	–	–
Repayment from a related party	27	500	73	1,481	59	–
Net cash flows used in investing activities		(115,140)	(232,640)	(105,576)	(115,543)	(103,951)

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	<i>Notes</i>	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
(unaudited)						
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution from the then equity holders of subsidiaries	23(a)	–	–	10,500	500	–
Advance from directors	26	–	2,242	–	–	–
Repayment to directors	26	–	(58)	(2,184)	–	–
Net cash flows from financing activities		–	2,184	8,316	500	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year		256,627	(88,816)	(122,699)	(69,335)	122,229
		44,015	300,642	211,826	211,826	89,127
CASH AND CASH EQUIVALENTS AT END OF YEAR		300,642	211,826	89,127	142,491	211,356
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	19	300,642	211,826	89,127	142,491	211,356
Time deposits	19	10,000	–	–	–	–
Less: Pledged time deposits for banking facilities of a related party	19	10,000	–	–	–	–
Cash and cash equivalents as stated in the consolidated statements of cash flows		300,642	211,826	89,127	142,491	211,356

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at	As at	As at
		31 August	31 August	31 December
	<i>Note</i>	2019	2020	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT ASSETS				
Amount due from a subsidiary		–	1	1
Total current assets		–	1	1
CURRENT LIABILITIES				
Amounts due to related parties		–	3	4
Total current liabilities		–	3	4
NET CURRENT LIABILITIES		–	(2)	(3)
TOTAL ASSETS LESS CURRENT LIABILITIES		–	(2)	(3)
Net liabilities		–	(2)	(3)
EQUITY				
Share capital	22	–	–	–
Reserves		–	(2)	(3)
Total equity		–	(2)	(3)

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

China General Education Group Limited (the “Company”) was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the provision of higher education services (collectively the “[REDACTED] Business”) in the People’s Republic of China (the “PRC”). There has been no significant change in the Group’s principal activities during the Relevant Periods.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed “Corporate Reorganization” in the section headed “History and Corporate Structure” in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in the following entities:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
China General Education Group (Hong Kong) Limited (<i>Note (b)</i>)	Hong Kong 7 November 2018	HK\$1	100%	–	Investment holding
General Business University of California Incorporated (<i>Note (a)</i>)	California 22 October 2020	US\$10,000	–	100%	Provision of higher education services
Shanxi General Genius Educational Technology Co., Ltd (“WFOE”) (<i>Notes (a)&(d)</i>) 山西通實天才教育科技有限公司	The PRC 24 June 2019	RMB50,000,000	–	100%	Provision of education management and services

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Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
Shanxi General Education Technology Limited (<i>Note (a)</i>) 山西通才教育科技有限公司	The PRC 17 May 2018	RMB50,000,000	–	See note 2.1	Investment holding
Shanxi Technology and Business College (<i>Note (c)</i>) 山西工商學院	The PRC 22 August 2006	RMB72,778,000	–	See note 2.1	Provision of higher education services

Note (a) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdiction of incorporation.

Note (b) The statutory financial statements of this entity from the date of incorporation to 31 December 2019 prepared under Hong Kong Small and Medium-Sized Entity Financial Reporting Standard have been audited by WOS CPA Limited (和氏會計師事務所有限公司) which is a certified public accounting firm registered in Hong Kong.

Note (c) The statutory financial statements for the years ended 31 December 2017 and 2018 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Shanxi Zhongguang Certified Public Accountants Co., Ltd (山西中光會計師事務所有限公司), which is a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2019 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Shanxi Taiyuan Certified Public Audit Limited Corporation (山西泰元審計師事務所有限公司), which is a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2020 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Beijing Yongenlihe Certified Public Audit Limited Corporation (北京永恩力合會計師事務所有限公司), which is a certified public accounting firm registered in the PRC.

Note (d) Shanxi General Genius Educational Technology Co., Ltd is registered as a wholly-foreign-owned enterprise under PRC law.

The English names of the companies or the school established in the PRC represent the best efforts made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

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2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Corporate Reorganization” in the section headed “History and Corporate Structure” in the Document, the Company became the holding company of the companies now comprising the Group in November 2020.

Due to regulatory restrictions on foreign ownership in schools in the PRC, the [REDACTED] Business was carried out by Shanxi Technology and Business College and Shanxi General Education Technology Limited (collectively, the “PRC Operating Entities”) during the Relevant Periods. Pursuant to the Reorganisation, WFOE, the Company’s wholly-owned subsidiary, has entered into the structured contracts with, among others, the PRC Operating Entities and their respective equity holders (the “Structured Contracts”). The arrangements of the Structured Contracts enable WFOE to exercise effective control over the PRC Operating Entities and obtain substantially all economic benefits of the PRC Operating Entities. Accordingly, after the Structured Contracts have been signed in November 2020, the PRC Operating Entities are controlled by the Company based on the Structured Contracts though the Company does not have any direct or indirect equity interest in the PRC Operating Entities. Details of the Structured Contracts are disclosed in the section headed “Contractual Arrangements” in the Document.

The entities now comprising the Group, including the PRC Operating Entities, were under common control of Mr. Niu Sanping (the “Controlling Shareholder”) before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods and the four months ended 31 December 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 August 2018, 2019 and 2020 and 31 December 2020 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder’s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or business held by parties other than the Controlling Shareholder, and the changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

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2.2 BASIS OF PREPARATION

The Historical Financial Information has 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”). All IFRSs effective for the accounting period commencing from 1 September 2020, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that are relevant to the Group and have been issued but are not yet effective, in the Historical Financial Information:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform - Phase 2¹</i>
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
IFRS 17	<i>Insurance Contracts³</i>
Amendments to IFRS 17	<i>Insurance Contracts^{3,5}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies³</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates³</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41²</i>

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

None of the above new and revised IFRSs are expected to have any significant financial effect on the Group’s financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's statements of profit or loss and other comprehensive income to the extent of dividends received and receivable.

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 investments 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.

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Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, other than financial assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Property and buildings	2%
Electronic devices	10%-17%
Furnitures and fixtures	10%-20%
Motor vehicles	10%
Others	33%-50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the term of the lease agreement and is included in other income in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the term of the lease agreement on the same basis as rental income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

Investment and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flows characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- (a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

- (b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, amounts due to directors and amounts due to related parties.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is deducted in reporting the related expense on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised to depict the transfer of promised services to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services. The Group recognises revenue when the specific criteria have been met for the following activities:

Tuition and boarding fees received from students are generally paid in advance prior to the beginning of each academic year and are initially recorded as contract liabilities. Tuition and boarding fees are recognised proportionately over the periods of the applicable program since students simultaneously receives and consumes the benefits provided by Shanxi Technology and Business College as it performs. The portion of tuition and boarding payments received from students but not earned is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's schools is generally from September to August of the following year.

The Group does not expect to have any contracts where the period between the transfer of the services promised to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income from a financial asset is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Examination and training income is recognised proportionately over the periods of the applicable programme.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. No forfeited contributions may be used by the employer to reduce the existing level of contribution.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Contractual arrangements

The PRC Operating Entities are mainly engaged in the provision of education services, which falls into the scope of the “Catalogue of Restricted Foreign Investment Industries” which prohibits foreign investors from investing in certain industries.

As disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over the PRC Operating Entities and enjoys all economic benefits of the PRC Operating Entities through the Structured Contracts.

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The Company does not have any equity interest in the PRC Operating Entities. However, as a result of the Structured Contracts, the Company has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities and is therefore considered to have control over the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the PRC Operating Entities in the Historical Financial Information during the Relevant Periods.

Current and deferred tax

Significant judgment is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to corporate income tax. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of the tax liabilities and such changes to tax liabilities will impact tax expense in the period that such determination is made. Further details of the current and deferred tax are set out in note 9 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on other receivables

The provision of receivables is made based on assessment of their recoverability and ageing analysis of receivables as well as other quantitative and qualitative information and on management's judgment and assessment of the forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of debtors' actual default in the future. Further details of the carrying amounts of other receivables are disclosed in note 17 to the Historical Financial Information.

Fair value measurement of financial assets at fair value through profit or loss

The fair value measurement of financial assets at fair value through profit or loss that are categorised within Level 2 of the fair value hierarchy requires significant estimates, which include estimating the future cash flows, determining appropriate discount rates and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. The Group monitors its investments for their fair value assessment by considering factors including, but not limited to, current economic and market conditions. Further details are disclosed in note 31 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher education services in Mainland China.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the Relevant Periods and the four months ended 31 December 2019, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

No service provided to a single customer amounted to 10% or more of total revenue of the Group during the Relevant Periods and the four months ended 31 December 2019.

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5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered during the Relevant Periods and the four months ended 31 December 2019.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Revenue					
Tuition fees	247,290	245,234	255,176	101,874	100,751
Boarding fees	20,071	21,039	15,907	9,075	9,533
Total revenue from contracts with customers	<u>267,361</u>	<u>266,273</u>	<u>271,083</u>	<u>110,949</u>	<u>110,284</u>
Other income and gains					
Bank interest income	226	362	347	213	261
Interest income from financial products	5,371	7,761	9,627	2,880	3,020
Examination and training income	2,784	6,229	1,746	1,251	538
Fair value gains on financial assets at fair value through profit or loss	–	124	1,657	1,095	–
Others	4,398	3,720	5,590	2,384	1,001
	<u>12,779</u>	<u>18,196</u>	<u>18,967</u>	<u>7,823</u>	<u>4,820</u>

Tuition and boarding fees are recognised proportionately over the period of the applicable program.

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6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Employee benefit expense (excluding directors’ and chief executive’s remuneration (Note 7)):						
Wages and salaries		51,040	55,352	57,863	24,543	24,765
Pension scheme contributions (defined contribution scheme)		7,512	9,952	11,524	3,739	4,562
Depreciation of property, plant and equipment	12	30,107	36,008	36,574	12,443	11,968
Depreciation of right-of-use assets	13	1,581	2,028	2,275	749	769
Amortisation of other intangible assets	14	838	1,306	1,328	486	585
Auditor’s remuneration		20	20	20	–	–
Fair value gains on financial assets at fair value through profit or loss	5	–	(124)	(1,657)	(1,095)	–
Loss on disposal of items of property, plant and equipment, net	(a)	434	136	69	–	82
Loss on disposal of subsidiaries	(a)	164	–	–	–	–
Write-off of other receivables	(a)	3,378	–	–	–	–
Donation expenses	(a)	–	5	–	–	–
[REDACTED] expenses	(b)	2,379	3,468	3,948	1,085	4,791
Government grants – related to income	(c)	(727)	(507)	–	–	(954)

Note (a) Loss on disposal of items of property, plant and equipment, loss on disposal of subsidiaries, write-off of other receivables and donation expenses are included in other expenses in the consolidated statements of profit or loss and other comprehensive income.

Note (b) [REDACTED] expenses are included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

Note (c) Various government grants have been received for certain teaching and research activities. The government grants received have been deducted from cost of sales in the consolidated statements of profit or loss and other comprehensive income when they relate to income and from property, plant and equipment and other intangible assets in the consolidated statements of financial position when they relate to assets. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

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7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Niu Sanping was redesignated as an executive director and appointed as the chairman of the Company on 19 October 2020. Mr. Niu Jian was redesignated as an executive director on 19 October 2020 and he is also the chief executive officer of the Company. Ms. Zhang Zhonghua and Mr. Niu Xiaojun were appointed as executive directors of the Company on 19 October 2020.

All of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	1,566	1,595	1,592	541	549
Performance related bonuses	3	20	–	–	–
Pension scheme contributions	164	207	141	48	52
Total	1,733	1,822	1,733	589	601

(a) Independent non-executive directors

There was no emolument payable to the independent non-executive directors during the Relevant Periods and the four months ended 31 December 2019.

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(b) Executive directors

Year ended 31 August 2018

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
– Mr. Niu Sanping	–	1,203	2	57	1,262
– Mr. Niu Jian	–	108	–	34	142
– Ms. Zhang Zhonghua	–	101	1	30	132
– Mr. Niu Xiaojun	–	154	–	43	197
	–	1,566	3	164	1,733

Year ended 31 August 2019

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
– Mr. Niu Sanping	–	1,200	8	65	1,273
– Mr. Niu Jian	–	123	4	43	170
– Ms. Zhang Zhonghua	–	109	4	39	152
– Mr. Niu Xiaojun	–	163	4	60	227
	–	1,595	20	207	1,822

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Year ended 31 August 2020

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
– Mr. Niu Sanping	–	1,207	–	–	1,207
– Mr. Niu Jian	–	118	–	43	161
– Ms. Zhang Zhonghua	–	165	–	59	224
– Mr. Niu Xiaojun	–	102	–	39	141
	<u>–</u>	<u>1,592</u>	<u>–</u>	<u>141</u>	<u>1,733</u>

Four months ended 31 December 2019 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
– Mr. Niu Sanping	–	404	–	–	404
– Mr. Niu Jian	–	41	–	14	55
– Ms. Zhang Zhonghua	–	42	–	13	55
– Mr. Niu Xiaojun	–	54	–	21	75
	<u>–</u>	<u>541</u>	<u>–</u>	<u>48</u>	<u>589</u>

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Four months ended 31 December 2020

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
– Mr. Niu Sanping	–	405	–	–	405
– Mr. Niu Jian	–	40	–	16	56
– Ms. Zhang Zhonghua	–	41	–	15	56
– Mr. Niu Xiaojun	–	63	–	21	84
	–	549	–	52	601

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 31 December 2019.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 August 2018, 2019 and 2020, and the four months ended 31 December 2019 and 2020 always included two directors, respectively, details of whose remuneration are set out in note 7 above. Details of the remuneration for the years ended 31 August 2018, 2019 and 2020 and the four months ended 31 December 2019 and 2020 of the remaining 3, 3, 3, 3 and 3 highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	348	390	468	156	208
Performance related bonuses	5	12	–	–	–
Pension scheme contributions	110	137	93	31	19
	463	539	561	187	227

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The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees				
	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
				(unaudited)	
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the Relevant Periods and up to the date of this report, Shanxi Technology and Business College has historically enjoyed the preferential tax treatment since their establishment. As a result, no income tax expense was recognised by Shanxi Technology and Business College for the income from the provision of formal educational services during the Relevant Periods and the four months ended 31 December 2019.

The Group’s non-school subsidiaries established in Mainland China were subject to the PRC corporate income tax rate of 25% during the Relevant Periods.

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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 Relevant Periods. The major component of income tax expense of the Group are as follows:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax					
Charge for the year/period	–	–	–	–	–
Total tax charge for the year/period	–	–	–	–	–

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	144,754	137,578	142,735	58,472	50,861
Tax at the statutory tax rate	36,189	34,395	35,682	14,619	12,716
Expense not deductible for tax	1,292	320	774	483	389
Income not subject to tax	(37,481)	(34,729)	(36,522)	(15,145)	(13,146)
Tax losses not recognised	–	14	66	43	41
Tax charge at the Group’s effective rate	–	–	–	–	–

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Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 August 2018, 2019 and 2020 and 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 August 2018, 2019 and 2020 and 31 December 2020, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB527,338,000, RMB630,580,000, RMB737,851,000, and RMB776,120,000 respectively.

As at 31 August 2018, 2019 and 2020 and 31 December 2020, the Group had tax losses arising in Mainland China of nil, RMB55,000, RMB308,000, and RMB171,000 respectively, which will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that the taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

10. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

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

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group by applying the principles of merger accounting for the Relevant Periods and the four months ended 31 December 2019.

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12. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings	Electronic devices	Furnitures and fixtures	Motor vehicles	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 August 2018							
At 1 September 2017:							
Cost	554,443	85,082	50,441	7,681	8,660	22,242	728,549
Accumulated depreciation	(70,654)	(45,400)	(29,485)	(3,319)	(1,600)	-	(150,458)
Net carrying amount	<u>483,789</u>	<u>39,682</u>	<u>20,956</u>	<u>4,362</u>	<u>7,060</u>	<u>22,242</u>	<u>578,091</u>
At 1 September 2017, net of accumulated depreciation							
Additions	-	10,117	3,985	70	-	45,550	59,722
Transfers	17,353	-	-	-	5,062	(22,415)	-
Disposal	(815)	(3)	(1)	-	-	-	(819)
Depreciation provided during the year (note 6)	(12,389)	(9,024)	(4,603)	(720)	(3,371)	-	(30,107)
At 31 August 2018, net of accumulated depreciation	<u>487,938</u>	<u>40,772</u>	<u>20,337</u>	<u>3,712</u>	<u>8,751</u>	<u>45,377</u>	<u>606,887</u>
At 31 August 2018:							
Cost	570,429	94,955	54,041	7,751	13,722	45,377	786,275
Accumulated depreciation	(82,491)	(54,183)	(33,704)	(4,039)	(4,971)	-	(179,388)
Net carrying amount	<u>487,938</u>	<u>40,772</u>	<u>20,337</u>	<u>3,712</u>	<u>8,751</u>	<u>45,377</u>	<u>606,887</u>

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	Property and buildings	Electronic devices	Furnitures and fixtures	Motor vehicles	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 August 2019							
At 1 September 2018:							
Cost	570,429	94,955	54,041	7,751	13,722	45,377	786,275
Accumulated depreciation	(82,491)	(54,183)	(33,704)	(4,039)	(4,971)	-	(179,388)
Net carrying amount	<u>487,938</u>	<u>40,772</u>	<u>20,337</u>	<u>3,712</u>	<u>8,751</u>	<u>45,377</u>	<u>606,887</u>
At 1 September 2018, net of							
accumulated depreciation	487,938	40,772	20,337	3,712	8,751	45,377	606,887
Additions	-	9,083	3,943	100	-	70,156	83,282
Transfers	106,109	-	-	-	8,624	(114,733)	-
Disposal	-	(110)	(3)	(23)	-	-	(136)
Depreciation provided during the year (note 6)	<u>(13,583)</u>	<u>(10,311)</u>	<u>(4,509)</u>	<u>(653)</u>	<u>(6,952)</u>	<u>-</u>	<u>(36,008)</u>
At 31 August 2019, net of							
accumulated depreciation	<u>580,464</u>	<u>39,434</u>	<u>19,768</u>	<u>3,136</u>	<u>10,423</u>	<u>800</u>	<u>654,025</u>
At 31 August 2019:							
Cost	676,538	103,649	57,940	7,303	22,346	800	868,576
Accumulated depreciation	<u>(96,074)</u>	<u>(64,215)</u>	<u>(38,172)</u>	<u>(4,167)</u>	<u>(11,923)</u>	<u>-</u>	<u>(214,551)</u>
Net carrying amount	<u>580,464</u>	<u>39,434</u>	<u>19,768</u>	<u>3,136</u>	<u>10,423</u>	<u>800</u>	<u>654,025</u>

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	Property and buildings	Electronic devices	Furnitures and fixtures	Motor vehicles	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 August 2020							
At 1 September 2019:							
Cost	676,538	103,649	57,940	7,303	22,346	800	868,576
Accumulated depreciation	(96,074)	(64,215)	(38,172)	(4,167)	(11,923)	-	(214,551)
Net carrying amount	<u>580,464</u>	<u>39,434</u>	<u>19,768</u>	<u>3,136</u>	<u>10,423</u>	<u>800</u>	<u>654,025</u>
At 1 September 2019, net of							
accumulated depreciation	580,464	39,434	19,768	3,136	10,423	800	654,025
Additions	-	6,543	3,582	-	-	22,253	32,378
Transfers	14,316	-	-	-	3,952	(18,268)	-
Disposal	-	(64)	(5)	-	-	-	(69)
Depreciation provided during the year (note 6)	(15,178)	(9,402)	(4,247)	(647)	(7,100)	-	(36,574)
At 31 August 2020, net of accumulated depreciation	<u>579,602</u>	<u>36,511</u>	<u>19,098</u>	<u>2,489</u>	<u>7,275</u>	<u>4,785</u>	<u>649,760</u>
At 31 August 2020:							
Cost	690,853	110,071	61,502	7,303	26,298	4,785	900,812
Accumulated depreciation	(111,251)	(73,560)	(42,404)	(4,814)	(19,023)	-	(251,052)
Net carrying amount	<u>579,602</u>	<u>36,511</u>	<u>19,098</u>	<u>2,489</u>	<u>7,275</u>	<u>4,785</u>	<u>649,760</u>

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	Property and buildings	Electronic devices	Furnitures and fixtures	Motor vehicles	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2020							
At 1 September 2020:							
Cost	690,853	110,071	61,502	7,303	26,298	4,785	900,812
Accumulated depreciation	(111,251)	(73,560)	(42,404)	(4,814)	(19,023)	-	(251,052)
Net carrying amount	<u>579,602</u>	<u>36,511</u>	<u>19,098</u>	<u>2,489</u>	<u>7,275</u>	<u>4,785</u>	<u>649,760</u>
At 1 September 2020, net of							
accumulated depreciation	579,602	36,511	19,098	2,489	7,275	4,785	649,760
Additions	-	1,325	1,723	-	-	2,876	5,924
Government grants	-	(3,431)	(636)	-	(1,796)	-	(5,863)
Transfers	1,796	-	-	-	1,785	(3,581)	-
Disposal	-	-	(82)	-	-	-	(82)
Depreciation provided during the period (note 6)	(5,107)	(3,154)	(1,551)	(216)	(1,940)	-	(11,968)
At 31 December 2020, net of accumulated depreciation	<u>576,291</u>	<u>31,251</u>	<u>18,552</u>	<u>2,273</u>	<u>5,324</u>	<u>4,080</u>	<u>637,771</u>
At 31 December 2020:							
Cost	692,649	107,965	62,294	7,303	26,287	4,080	900,578
Accumulated depreciation	(116,358)	(76,714)	(43,742)	(5,030)	(20,963)	-	(262,807)
Net carrying amount	<u>576,291</u>	<u>31,251</u>	<u>18,552</u>	<u>2,273</u>	<u>5,324</u>	<u>4,080</u>	<u>637,771</u>

The Group’s buildings are situated in Mainland China.

As at 31 August 2018, 2019 and 2020 and 31 December 2020, certificates of ownership in respect of certain buildings of the Group located in Taiyuan city, the PRC, with total net carrying amounts of approximately RMB326,082,000, RMB418,924,000, RMB419,872,000 and RMB416,334,000, respectively, have not yet been issued by the relevant PRC authorities. As at the end of each of the Relevant Periods, the Group was still in the process of obtaining these certificates.

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13. LEASES

As lessee

The Group has lease contracts for land use rights used in its operation. Lump sum payments were made upfront to acquire the land use rights with the lease periods of 50 years from the owners, and no ongoing payments will be made under the terms of the land lease.

The carrying amounts of the Group's land use rights and the movements during the Relevant Periods are as follows:

	<i>Note</i>	As at 31 August			As at
		2018	2019	2020	31 December
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2020
				<i>RMB'000</i>	
Carrying amount at beginning of year/period		69,429	67,848	89,438	89,799
Additions		–	23,618	2,636	–
Depreciation provided during the year/period	6	(1,581)	(2,028)	(2,275)	(769)
Carrying amount at end of year/period, net of accumulated depreciation		<u>67,848</u>	<u>89,438</u>	<u>89,799</u>	<u>89,030</u>
At end of year/period:					
Cost		79,088	102,706	105,342	105,342
Accumulated depreciation		<u>(11,240)</u>	<u>(13,268)</u>	<u>(15,543)</u>	<u>(16,312)</u>
Net carrying amount		<u>67,848</u>	<u>89,438</u>	<u>89,799</u>	<u>89,030</u>

As at 31 August 2018, 2019 and 2020 and 31 December 2020, the Group was in the process of applying for land use rights certificates for leased land with aggregate net carrying amounts of RMB7,254,000, RMB30,223,000, RMB31,289,000 and RMB30,980,000, respectively, for which the Group had not obtained the land use rights certificates.

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As lessor

The Group leases certain of its items of property, plant and equipment with terms ranging from one to five years which are cancellable with three months’ notice.

As at 31 August 2018, 2019 and 2020 and 31 December 2020, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 August			As at
				31 December
	2018	2019	2020	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	867	867	867	403

14. OTHER INTANGIBLE ASSETS

	<i>Note</i>	As at 31 August			As at
					31 December
		2018	2019	2020	2020
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Software					
Carrying amount at beginning					
of year/period		2,213	4,216	4,152	4,395
Additions		2,841	1,242	2,071	577
Government grants		–	–	(500)	–
Amortisation provided					
during the year/period	6	(838)	(1,306)	(1,328)	(585)
Carrying amount at end of					
year/period, net of					
accumulated amortisation		4,216	4,152	4,395	4,387
At end of year/period:					
Cost		7,877	9,119	10,690	11,267
Accumulated amortisation		(3,661)	(4,967)	(6,295)	(6,880)
Net carrying amount		4,216	4,152	4,395	4,387

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15. OTHER NON-CURRENT ASSETS

	As at 31 August			As at
				31 December
	2018	2019	2020	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Prepayments for acquisition of land use rights	8,940	7,248	7,248	7,248
Prepayments for purchase and construction of property, plant and equipment	2,732	1,108	523	–
	<u>11,672</u>	<u>8,356</u>	<u>7,771</u>	<u>7,248</u>

16. TRADE RECEIVABLES

	As at 31 August			As at
				31 December
	2018	2019	2020	2020
	RMB’000	RMB’000	RMB’000	RMB’000
Tuition fees receivable	93	109	88	231
Boarding fees receivable	3	6	6	9
	<u>96</u>	<u>115</u>	<u>94</u>	<u>240</u>

The Group’s students are required to pay tuition fees and boarding fees in advance for the upcoming academic year, which normally commences in September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees for one to three years. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables were immaterial, there is no significant concentration of credit risk to the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of provisions, is as follows:

	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
				<i>RMB’000</i>
Within 1 year	78	74	69	222
1 to 2 years	12	39	18	3
2 to 3 years	6	2	7	8
3 to 4 years	–	–	–	7
	96	115	94	240

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the historical default rate and days past due of the trade receivables in measuring the expected credit losses during the Relevant Periods.

Trade receivables as at the end of each of the Relevant Periods were not past due and had no recent history of default. The expected credit losses were assessed to be minimal at the end of each of the Relevant Periods.

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17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	As at 31 August			As at
		2018	2019	2020	31 December
		RMB’000	RMB’000	RMB’000	2020
				RMB’000	
Student fees receivables from third-party payment platforms	(a)	197	24,781	7	–
Advance to third parties		300	551	5,836	–
[REDACTED] expenses		793	1,949	3,265	4,806
Equity-transfer-fund receivable		8,297	8,297	8,297	–
Prepayments to a supplier		8,100	8,100	–	–
Financial products	(b)	50,000	200,000	–	–
Other receivables		6,437	3,435	2,249	1,902
		<u>74,124</u>	<u>247,113</u>	<u>19,654</u>	<u>6,708</u>

Note (a) The amount represents tuition, boarding and miscellaneous fees paid by students through third-party payment platforms on 31 August and received by the Group on early September.

Note (b) The amount represents the financial products in RMB which are issued by creditworthy banks with no recent history of default, earn interest at the respective return rates, and have original maturities within three months. They are measured at amortised cost because their cash flows are solely payments with principal and interest.

Except for certain receivables for which the counterparty failed to make demanded repayment and the Group has written off as uncollectible (note 6), the other balances relate to receivables for which there was no recent history of default. The financial assets included in the above balances were not past due at the end of each reporting period. During the Relevant Periods, except for the default receivables, the Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses and has assessed that the expected credit losses is immaterial.

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18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 August			As at
				31 December
	2018	2019	2020	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Unlisted investments, at fair value	–	30,124	311,657	400,000

The above unlisted investments were financial products issued by banks in Mainland China. They were denominated in RMB and had maturity within three months with uncertain expected return rates ranging from 1.15% to 3.70% per annum.

They were mandatorily classified as financial assets at fair value through profit or loss as the return on all of these financial products is not guaranteed, i.e. their contractual cash flows are not solely payments of principal and interest.

19. CASH AND CASH EQUIVALENTS

	<i>Note</i>	As at 31 August			As at
					31 December
		2018	2019	2020	2020
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and bank balances		300,642	211,826	89,127	211,356
Time deposits		10,000	–	–	–
		310,642	211,826	89,127	211,356
Less: Pledged time deposits for banking facilities of a related party	24	10,000	–	–	–
Cash and cash equivalents		300,642	211,826	89,127	211,356

At the end of each of the Relevant Periods, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The expected credit loss is close to zero.

Time deposits are made for one year to earn interest at the respective time deposit rates.

20. OTHER PAYABLES AND ACCRUALS

	<i>Note</i>	As at 31 August			As at
		2018	2019	2020	31 December
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
				<i>RMB’000</i>	
Payables for purchase and construction of property, plant and equipment		28,791	35,198	32,731	14,218
Miscellaneous fees received from students	(a)	32,574	31,670	9,133	12
Payables for salaries, social insurance and housing fund		13,959	13,541	10,518	13,403
Subsidies payable to students		8,486	10,398	9,439	1,473
Payables for logistics services		5,594	12,148	13,033	5,931
Payables for [REDACTED] expenses		2,742	1,678	2,870	3,068
Other tax payables		2,670	3,139	4,069	4,320
Other payables		9,457	11,906	13,254	15,037
		<u>104,273</u>	<u>119,678</u>	<u>95,047</u>	<u>57,462</u>

Note (a) The amount represents the miscellaneous fees received from students which will be paid out on behalf of students.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

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21. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 August 2018, 2019 and 2020 and 31 December 2020. Most of the contract liabilities are expected to be recognised within one year:

	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
Tuition fees	200,335	185,230	2,433	164,445
Boarding fees	20,856	18,251	75	15,601
Contract liabilities	<u>221,191</u>	<u>203,481</u>	<u>2,508</u>	<u>180,046</u>

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 period of the applicable program. The students are entitled to the refund of payments in relation to the proportionate services not rendered.

Significant changes in the contract liability balances during the Relevant Periods are as follows:

	As of 31 August			As of
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
At the beginning of the year/period	48,436	221,191	203,481	2,508
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period	(48,054)	(220,519)	(197,798)	(1,221)
Boarding fees reclassified to other payables*	–	–	(5,455)	–
Increase due to cash received, net of the amounts recognised as revenue during the year/period	<u>220,809</u>	<u>202,809</u>	<u>2,280</u>	<u>178,759</u>
At the end of the year/period	<u>221,191</u>	<u>203,481</u>	<u>2,508</u>	<u>180,046</u>

* Certain boarding fees were reclassified to other payables to students as refund to the students for the closure of campuses as a result of the COVID-19 pandemic pursuant to the notice issued by the Department of Education of Shanxi Province.

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22. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 14 September 2018 with initial authorised share capital of US\$50,000 divided into 5,000,000,000 shares of US\$0.00001 each, of which one share of US\$0.00001 was issued and allotted to Niusanping Limited and one share to Niujian Limited.

On 15 November 2018, 50 and 48 shares of US\$0.00001 each of the Company have been issued and allotted to Niusanping Limited and Niujian Limited, respectively. On 18 March 2019, 91 and 9 shares of US\$0.00001 each of the Company have been issued and allotted to Niusanping Limited and Niujian Limited, respectively.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the four months ended 31 December 2019 are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Capital reserve

The capital reserve of the Group represents the capital contribution from the equity holders of the Group's subsidiaries. On 4 November 2019 and 31 July 2020, capital contributions amounting to RMB500,000 and RMB10,000,000 were injected to Shanxi General Education Technology Limited by Mr. Niu Sanping, respectively.

(b) Statutory and other surplus reserves

Pursuant to the relevant PRC laws, the Company's subsidiaries in Mainland China shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) the statutory surplus reserves of the limited liability companies and (ii) the development fund of schools.

- (i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

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(ii) According to the relevant PRC laws and regulations, private schools that do not require reasonable returns are required to appropriate the development fund of not less than 25% of the net increase in net assets of the relevant schools, as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

(c) Other reserve

Other reserve represents the proportionate share of subsidiaries now comprising the Group attributable to a party other than the Controlling Shareholder prior to the Reorganisation and was deemed to be acquired by the Company at nil consideration upon the Reorganisation.

24. CONTINGENT LIABILITIES

Note	As at 31 August			As at
	2018	2019	2020	31 December
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Pledged time deposits for banking facilities of a related party	27	10,000	-	-

As at 31 August 2018, the Group had its time deposits amounting to RMB10,000,000 pledged for a bank loan of RMB10,000,000 granted to Shanxi Tongcai Education Investment Co., Ltd. (“Tongcai Investment”), which was matured on 21 December 2018. The time deposits were withdrawn by the Group on 7 January 2019.

25. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 August			As at
	2018	2019	2020	31 December
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Contracted, but not provided for:				
Buildings	66,577	27,531	14,669	15,776
Teaching facilities	8,969	9,707	1,491	13,211
	75,546	37,238	16,160	28,987

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26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

For the year ended 31 August 2020, prepayment to a supplier of RMB8,100,000 was offset with the same amount of payables to logistics services according to an agreement with counterparties signed on 25 August 2020.

(b) Changes in liabilities arising from financing activities

Year ended 31 August 2018	<i>Note</i>	Amounts due to directors
		<i>RMB'000</i>
At 1 September 2017		–
Changes from financing cash flows		–
		<hr/>
At 31 August 2018	27	–
		<hr/> <hr/>
		Amounts due to directors
		<i>RMB'000</i>
At 1 September 2018		–
Changes from financing cash flows		2,184
		<hr/>
At 31 August 2019	27	2,184
		<hr/> <hr/>
		Amounts due to directors
		<i>RMB'000</i>
At 1 September 2019		2,184
Changes from financing cash flows		(2,184)
		<hr/>
At 31 August 2020	27	–
		<hr/> <hr/>

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Four months ended 31 December 2020		Amounts due to directors
		<i>RMB'000</i>
At 1 September 2020		–
Changes from financing cash flows		–
		<hr/>
At 31 December 2020	27	–
		<hr/> <hr/>
Four months ended 31 December 2019 (Unaudited)		Amounts due to directors
		<i>RMB'000</i>
At 1 September 2019		2,184
Changes from financing cash flows (Unaudited)		–
		<hr/>
At 31 December 2019 (Unaudited)		2,184
		<hr/> <hr/>

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27. RELATED PARTY TRANSACTIONS

(a) Names and relationship

The directors of the Group are of the opinion that the following parties/companies are related parties that had transactions or balances with the Group during the Relevant Periods.

<u>Name</u>	<i>Note</i>	<u>Relationship</u>
Mr. Niu Sanping		Director of the Company
Mr. Niu Jian		Director of the Company/Son of Mr. Niu Sanping
Ms. Zhang Zhonghua		Director of the Company
Mr. Niu Xiaojun		Director of the Company/Nephew of Mr. Niu Sanping and cousin of Mr. Niu Jian
Niujian Limited		One of the shareholders of the Company
Niusanping Limited		One of the shareholders of the Company
Tongcai Investment		A company jointly owned by Mr. Niu Sanping, Mr. Niu Jian and an independent third party
Shanxi Hanghangxing Human Resources Services Co., Ltd.		A company controlled by Mr. Niu Jian
Shanxi Datanghongyuan Books Issue Co., Ltd.	(i)	A company controlled by Tongcai Investment
Shanxi Tongcai Training School		School sponsor is Shanxi Tongcai Educational Consulting Company Limited, which is owned as to 40% by Tongcai Investment and 60% by Mr. Niu Jian.

(i) This company was controlled by Tongcai Investment from 1 December 2016 to 30 August 2018.

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(b) Transactions with related parties

During the Relevant Periods and the four months ended 31 December 2019, the Group entered into the following transactions with its related parties:

	<i>Notes</i>	Year ended 31 August			Four months ended 31 December	
		2018	2019	2020	2019	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)						
Directors:						
Repayment from directors		4,726	29,169	-	-	-
Advance to a director		7,504	-	-	-	-
Advance from directors		-	2,242	-	-	-
Repayment to directors		-	58	2,184	-	-
Other related parties:						
Purchases of property, plant and equipment	(i)	2,370	-	-	-	-
Purchases of products	(ii)	4,460	-	-	-	-
Purchases of services	(iii)	3,463	3,755	2,268	1,802	397
Financial guarantee	(iv)	10,000	10,000	-	-	-
Repayment from a related party		500	73	1,481	59	-
Others		1,767	1,767	1,767	589	442

- (i) The purchases of property, plant and equipment were made according to the published prices and conditions offered by the related parties to their major customers.
- (ii) The purchases of products were made according to the published prices and conditions offered by the related parties to their major customers.
- (iii) The purchases of services were charged based on the published prices and conditions offered by the related party to its major customers.
- (iv) For the financial guarantee granted to the related party, which had been released on 21 December 2018, please refer to note 24 to the Historical Financial Information.

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(c) Outstanding balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances due from/to related parties at 31 August 2018, 2019 and 2020 and 31 December 2020, respectively.

Amounts due from directors:

Name	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
Mr. Niu Sanping	29,069	–	–	–
Mr. Niu Jian	100	–	–	–
	<u>29,169</u>	<u>–</u>	<u>–</u>	<u>–</u>

Amount due from a related party:

Name	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020
Tongcai Investment Shanxi Hanghangxing Human Resources Services Co., Ltd.	–	–	–	838
	<u>316</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>316</u>	<u>–</u>	<u>–</u>	<u>838</u>

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Except for the amounts due from Tongcai Investment, amounts due from directors and due from a related party were non-trade in nature.

The Group analysed the credit risk related to amounts due from related parties and amounts due from directors and categorised all the amounts in stage 1 at the end of each of the Relevant Periods. During the Relevant Periods, the Group estimated the expected loss rate for amounts due from related parties and amounts due from directors is minimal.

Amounts due to directors:

Name	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Niu Sanping	–	184	–	–
Mr. Niu Jian	–	2,000	–	–
	–	2,184	–	–

Amounts due to related parties:

Name	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tongcai Investment	675	3,642	5,496	–
Shanxi Tongcai Training School	443	198	–	–
Niujian Limited	–	–	3	3
Niusanping Limited	–	–	2	5
	1,118	3,840	5,501	8

Except for the amounts due to Tongcai Investment, amounts due to directors and due to related parties were unsecured, interest-free, repayable on demand and non-trade in nature.

The amounts due to Niusanping Limited and Niujian Limited will be settled before [REDACTED].

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(d) Compensation of key management personnel of the Group:

	Year ended 31 August			Four months ended 31 December	
	2018	2019	2020	2019	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	
Short term employee benefits	1,687	1,748	1,754	600	664
Pension scheme contributions	199	252	178	66	64
	<u>1,886</u>	<u>2,000</u>	<u>1,932</u>	<u>666</u>	<u>728</u>

Further details of directors’ and the chief executive’s emoluments are included in note 7 to the Historical Financial Information.

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28. DISPOSAL OF SUBSIDIARIES

(1) Disposal of Shanxi General Videos Culture Media Co., Ltd. (山西通才影視文化傳媒有限公司)

In June 2018, the Group disposed of 95% interests in Shanxi General Videos Culture Media Co., Ltd., which were acquired by Ms. Chen Li for RMB8,297,000. The disposal of Shanxi General Videos Culture Media Co., Ltd. was completed on 29 June 2018.

	<i>Note</i>	As at 29 June 2018
		<u>RMB'000</u>
Net assets disposed of:		
Cash and bank balances		3,103
Prepayments, other receivables and other assets		8,193
Accruals and other payables		(2,898)
Tax payable		<u>(1)</u>
		8,397
Proportion of the Group's ownership interest		95%
Share of net assets of the subsidiary	<i>(a)</i>	<u>8,397</u>
Satisfied by:		
Total cash consideration		8,297
Loss on disposal		<u>(100)</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	Year ended 31 August 2018
	<u>RMB'000</u>
Cash consideration	–
Cash and bank balances disposed of	<u>(3,103)</u>
Net outflow of cash and cash equivalents in respect of the disposal of the subsidiary	<u><u>(3,103)</u></u>

(a) According to the resolution of shareholders, the non-controlling shareholder did not share net assets as no contributions were made.

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(2) DISPOSAL OF SHANXI GENERAL CULTURE AND ART TROUPE CO., LTD. (山西通才文化藝術團有限公司)

In May 2018, the Group disposed of 90.9% interests in Shanxi General Culture and Art Troupe Co., Ltd., which were acquired by Ms. Chen Li for nil consideration. The disposal of Shanxi General Culture and Art Troupe Co., Ltd. was completed on 25 June 2018.

	<i>Note</i>	As at 25 June 2018
		<i>RMB'000</i>
Net assets disposed of:		
Cash and bank balances		122
Accruals and other payables		(57)
Tax payable		(1)
		<u>64</u>
Proportion of the Group's ownership interest		90.9%
Share of net assets of the subsidiary	<i>(a)</i>	<u>64</u>
Satisfied by:		
Total cash consideration		–
Loss on disposal		(64)
		<u><u>(64)</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	Year ended 31 August 2018
	<i>RMB'000</i>
Cash consideration	–
Cash and bank balances disposed of	(122)
	<u>(122)</u>
Net outflow of cash and cash equivalents in respect of the disposal of the subsidiary	<u><u>(122)</u></u>

(a) According to the resolution of shareholders, the non-controlling shareholder did not share net assets as no contributions were made.

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29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets at fair value

	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit or loss	–	30,124	311,657	400,000

Financial assets at amortised cost

	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	96	115	94	240
Financial assets included in prepayments, other receivables and other assets	65,231	237,064	16,389	1,902
Amounts due from directors	29,169	–	–	–
Amount due from a related party	316	–	–	838
Time deposits	10,000	–	–	–
Cash and cash equivalents	300,642	211,826	89,127	211,356
	405,454	449,005	105,610	214,336

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Financial liabilities at amortised cost

	As at 31 August			As at
				31 December
	2018	2019	2020	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other				
payables and accruals	85,342	99,953	76,398	35,644
Amounts due to directors	–	2,184	–	–
Amounts due to related parties	1,118	3,840	5,501	8
	<u>86,460</u>	<u>105,977</u>	<u>81,899</u>	<u>35,652</u>

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets at fair value

	Carrying amounts				Fair values			
	As at 31 August		As at 31 December		As at 31 August		As at 31 December	
	2018	2019	2020	2020	2018	2019	2020	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit or loss	-	30,124	311,657	400,000	-	30,124	311,657	400,000

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, amounts due from directors, amount due from a related party, trade receivables, financial liabilities included in other payables and accruals, amounts due to directors and amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent financial products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by discounting the expected future cash flows using rates currently available for instruments with similar terms and risks.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

**Fair value measurement as at 31 December 2020
using**

	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit or loss	–	400,000	–	400,000

**Fair value measurement as at 31 August 2020
using**

	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit or loss	–	311,657	–	311,657

**Fair value measurement as at 31 August 2019
using**

	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit or loss	–	30,124	–	30,124

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as amounts due to directors, amounts due to related parties, amounts due from directors, amount due from a related party, trade receivables, financial assets at fair value through profit or loss and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year/period-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at 31 August 2018, 2019 and 2020 and 31 December 2020.

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The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	240	240
Financial assets included in prepayments, other receivables and other assets – Normal**	1,902	–	–	–	1,902
Amounts due from a related party	838	–	–	–	838
Cash and cash equivalents – not yet past due	211,356	–	–	–	211,356
	214,096	–	–	240	214,336

As at 31 August 2020

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	94	94
Financial assets included in prepayments, other receivables and other assets – Normal**	16,389	–	–	–	16,389
Cash and cash equivalents – not yet past due	89,127	–	–	–	89,127
	105,516	–	–	94	105,610

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As at 31 August 2019

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	115	115
Financial assets included in prepayments, other receivables and other assets – Normal**	237,064	–	–	–	237,064
Cash and cash equivalents – not yet past due	211,826	–	–	–	211,826
	448,890	–	–	115	449,005

As at 31 August 2018

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	96	96
Financial assets included in prepayments, other receivables and other assets – Normal**	65,231	–	–	–	65,231
Amounts due from directors	29,169	–	–	–	29,169
Amount due from a related party	316	–	–	–	316
Time deposits – not yet past due	10,000	–	–	–	10,000
Cash and cash equivalents – not yet past due	300,642	–	–	–	300,642
	405,358	–	–	96	405,454

* The Group’s trade receivables are due from a number of individual students. Credit quality of each student is assessed and outstanding receivables are regularly monitored. For trade receivables to which the Group applies the simplified approach for impairment, information about the expected credit losses is disclosed in note 16 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

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Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 16 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., other receivables and other assets) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2020

	<u>On demand</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	35,644	35,644
Due to related parties	<u>8</u>	<u>8</u>
	<u>35,652</u>	<u>35,652</u>

As at 31 August 2020

	<u>On demand</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	76,398	76,398
Due to related parties	<u>5,501</u>	<u>5,501</u>
	<u>81,899</u>	<u>81,899</u>

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As at 31 August 2019

	<u>On demand</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	99,953	99,953
Due to directors	2,184	2,184
Due to related parties	3,840	3,840
	<u>105,977</u>	<u>105,977</u>

As at 31 August 2018

	<u>On demand</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	85,342	85,342
Due to related parties	1,118	1,118
	<u>86,460</u>	<u>86,460</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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Capital of the Group includes equity attributable to owners of the Company. The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 August			As at
	2018	2019	2020	31 December
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total liabilities	326,582	329,183	103,056	237,516
Total assets	1,104,970	1,245,149	1,172,257	1,357,578
Debt-to-asset ratios	<u>30%</u>	<u>26%</u>	<u>9%</u>	<u>18%</u>

32 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2020.