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

**希望教育集團有限公司**

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

**(Stock Code: 1765)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2022**

The Board of the Company is pleased to announce the annual results and the audited consolidated financial statements of the Group for the year ended 31 August 2022, together with the comparative figures for the year ended 31 August 2021.

#### **HIGHLIGHTS**

##### **1. Increasing investment in school operation for the improvement of operating conditions**

We had continued to increase our investment in school operation for the improvement of our operating conditions and capacity. During the Reporting Period, the capital expenditure on our expansion amounted to RMB2,320 million, representing a year-on-year growth of 47.6%. Such funds were mainly used in expansion of school capacity, upgrading of teaching environment and construction of practical training projects. During the Reporting Period, the constructions of additional 205 training centers, including our EDA laboratories, measurement laboratories, track training centers, new energy vehicle technology professional training centers, medical imaging technology professional training centers and industrial robot training units, had been completed, which provided us more than 49,000 square meters of additional practicum and training units.

##### **2. Putting students as the top priority and strengthening employment services**

Adhering to the implementation of our pro-employment strategies, we had strived to build our “online and offline” employment platform. A total of more than 40 large-scale mutual selections and over 500 special job fairs had been held, altogether offering more than 136,000 internship and employment positions. Since the Listing, we had provided more than 160,000 talents on different levels with various applicable and technical skills for the society, making contributions to the economic development of the society.

### **3. Building a team of excellent teachers through recruitment and nurturing**

With our increased efforts in recruiting teachers, we welcomed more than 2,400 teachers, among which, our teachers with titles above associate professor and talents with professional skills had reached 150 individuals and more than 100 individuals, respectively. During the Reporting Period, the remuneration paid to our teachers amounted to RMB867 million, representing an increase of 49.9% year-on-year. All of our schools had achieved improvements in teachers' professional capabilities, thanks to different ways including the enhancement of on-the-job academic qualifications, mentoring, academic exchanges, and tactics of "going out and inviting in". We also organized and encouraged all our school teachers to participate in various national, provincial and municipal competitions, who had earned us a total of 399 awards, including 61 national awards and 226 provincial awards. Through talent recruitments, diversified training and "promoting training by competitions", the overall quality of our teachers had been advanced.

### **4. Focusing on the levels of professional skills and enhancing employment and entrepreneurship capabilities**

Emphasizing on the "combination of morality and technology as well as education and training", we had actively promoted the integration of industry and education, school-enterprise cooperation and collaborative education of our schools. We had consecutively established long-term partnership with more than 3,000 enterprises and public institutions, including China Railway No.8 Engineering (中鐵八局), CR Chengdu (成都鐵路局), CATL (寧德時代), BYD (比亞迪), CALB (中創新航) and Hikvision (海康威視), which effectively connected the four chains (i.e. education chain, talent chain, industry chain and innovation chain) and promoted synergy and integration in order to create a full-chain environment for improving the professional skills. We had also actively delivered education by means of integrating "posts, curriculums, competitions and certificates", and organized our students to engage in different competitions and events. In this regard, we had created another record high and swept away 235 national awards (including the First Prize in the National Applied Talents Integrated Skills Competition (全國應用型人才綜合技能大賽一等獎), the First Prize in the National Accounting Occupational Ability Competition for College Students (全國大學生財會職業能力大賽一等獎), and the First Prize in the Grand Final of National College Students Entrepreneurship Comprehensive Simulation Competition (全國大學生創業綜合模擬大賽總決賽一等獎)) and 692 provincial awards, which did not only greatly motivated us, but also improved our students' internship and training abilities and their employment and entrepreneurial capabilities.

## **5. Sharing quality resources and propel the vocational education to go global**

In response to the national Belt and Road Initiative, we had continued to step up our investment efforts in the internationalization of education. While the enrollment of new students in the INTI International University in Malaysia had achieved a year-on-year growth of 47% and climbed more than 100 places in the QS World University Rankings, we had marked our success in organizing the International Conference on Green Sustainable Technology and Management (《綠色可持續技術與管理國際研討會》), the International Higher Education Forum (《國際高等教育研討會》), the International Conference on Innovation, Science and Technology Entrepreneurship (《創新與科技創業國際會議》) and the Seminar on ASEAN Social Enterprises (《東盟社會企業研討會》). We had assisted the connection between our students and more than 300 employment units. The signing of strategic partnership agreements opened up a brighter prospect for employment. Additionally, Shinawatra University in Thailand had been actively exploring the exchange and technical cooperation between local and overseas teachers and students. It had entered into memorandums of friendship and cooperation with more than 30 domestic schools. Through the establishment of professional disciplines, the majors of the university (including undergraduate, postgraduate and doctoral programs) had increased from 7 to 16, with a growth rate of 128%, and an increment of 170% in the number of its enrolled students. Its teachers with doctoral degrees also accounted for 49%. Meanwhile, we actively explored the possibilities of joining hands with schools in the East Central Europe in delivering education projects in order to nurture and provide top-notch international talents for the Belt and Road Initiative.

## **6. Rising reputation in school operation with student enrollment reaching another new high**

In the 2022-2023 school year, the number of new student enrollment went beyond 95,000 students, representing a year-on-year growth of 15%; our enrolled students reached more than 280,000 individuals, representing a year-on-year growth of 21%. While we had again broken new records in our student enrollment, the registration rate of our schools also stayed elevated with a continuous rapid growth seen in the number of our registered students. A comprehensive registration rate of more than 85% had been achieved. Over the past 5 years, through our efforts in increasing our investment in school operation, the compound growth rate of our new student enrollment had reached 32.3%, and that of our enrolled students reached 34.4%, which evidenced that our reputation in school operation had gained further recognition by the society. In the new era, Hope Education adheres to the philosophy of “fostering character and civic virtue” in its school operation, unswervingly promotes “high quality development”, increases investment in school operation, and extends helping hands to the younger generation from economically and educationally underdeveloped areas to change their destiny through knowledge.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW ON INDUSTRY POLICIES

- In October 2021, the General Office of the CPC Central Committee and the General Office of the State Council issued the Guidelines on Promoting the High-quality Development of Modern Vocational Education** (《關於推動現代職業教育高質量發展的意見》), which proposed not only to optimize diversified school operation layout, but also to encourage listed companies and industry leading enterprises to operate vocational education; by 2025, the fundamental establishment of a modern vocational education system will be completed, while the enrollment scale of vocational undergraduate education should not be less than 10% of that of higher vocational education, with the attractiveness and nurturing quality of vocational education being significantly enhanced; by 2035, the overall level of vocational education will enter the forefront of the world, and the construction of a skilled-based society will be fundamentally accomplished. Such guidelines further clarified the legitimacy of operating vocational education by listed companies, which provided a solid policy guarantee and a clear development direction for the development of the Company.
- On 20 April 2022, the Vocational Education Law of the People’s Republic of China** (《中華人民共和國職業教育法》) **was considered and approved at the 34<sup>th</sup> meeting of the 13<sup>th</sup> National People’s Congress Standing Committee**, which explicitly states that “vocational education is as important as regular education, and an important constituent of the national education system and the human resource development”. It also clearly stated that vocational education “is transformed from the pattern where vocational education is mainly organized by government authorities to one where vocational education management is coordinated by government authorities and organized by various parties”, and the management system of “overall planning by the government, hierarchical management, dependence on local resources, industries’ guidance, cooperation between schools and enterprises, and participation of the private sector” shall be implemented, which have laid a legal foundation for promoting the construction of a modern vocational education system. The Vocational Education Law (《職業教育法》) ensured that students in vocational schools shall enjoy equal opportunities with students in ordinary schools at the same level in terms of further education, employment, and career development; demonstrated the rights of enterprises to hold high-quality vocational education, and established supportive policies including “rewards, as well as financial, fiscal, land and other support will be given in accordance with regulations, and the education surcharges, local education surcharge reductions and exemptions and other tax benefits will be implemented”, which has greatly boosted the confidence of the society, companies and vocational education practitioners in developing vocational education.

3. **On 15 August 2022, the Ministry of Education’s response to the No. 0588 proposal of the 5<sup>th</sup> meeting of the 13<sup>th</sup> National People’s Congress clarified that:** firstly, as an important component of higher education, private higher education has played an important role in giving full play to the functions of higher education, building a powerful country with higher education, and running a satisfactory education for the people. Secondly, the development of private education shall be supported and standardized, where private and public institutions shall be fairly treated in terms of qualification access, title assessment, land supply, financial support, government procurement, supervision and management, etc., while the high-quality development of private higher education should be promoted. Thirdly, innovative education investment and financing mechanisms should be actively promoted to attract social funds through multiple channels, and expand the source of funds for operating schools. Among which, financial institutions are encouraged to develop financial products suitable for the characteristics of private schools under the premise of controllable risks, explore the future operating income of operating private schools as well as intellectual property pledge loan businesses, and provide diversified financial services such as bank loans, trusts and financial leases. The Ministry of Education’s response to the proposal of the National People’s Congress evidenced the country’s active support for the development of private higher education.
4. **On 7 September 2022, the State Council made the decision to provide preferential loans for the purchase and renewal of equipments by institutions including colleges and universities, vocational colleges and training bases,** with a 2.5 percentage points interest discount from the central government for a period of 2 years. During the period of 1 September 2022 to 31 December 2022, 21 financial institutions shall issue loans to projects on the list at an interest rate not higher than 3.2%. The State supports schools to reduce financial costs, improve school conditions, implement the strategy of rejuvenating the country through science and education, and promote the high-quality development of education through special loans and other actual fiscal means.
5. **On 7 October 2022, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Strengthening the Building of a Highly Skilled Workforce for the New Era** (《關於加強新時代高技能人才隊伍建設的意見》), which indicated that skilled talents are an important force supporting “Made in China” and “Created in China”. It mentioned that by the end of the “14th Five-Year Plan” period, skilled talents will account for not less than 30% of the employed population, where highly skilled talents will account for one-third of skilled talents; endeavors shall be made to accomplish the mission by 2035 that the number and structure of skilled talents will be commensurate with the requirement for basically achieving socialist modernization. Such document explicitly required and encouraged various enterprises, public institutions, social groups, and other social organizations to participate in the formation of vocational education and training institutions in accordance with the law by sole proprietorship, joint venture, cooperation, and other means, and actively participate in supplying services to be procured by the government. If an enterprise included in the scope of construction and cultivation of enterprises integrating industries and education makes qualified investments in provision of vocational education, it may claim a credit equivalent to 30% of the investments against its education surcharge liability and local education surcharge liability for the current year in accordance with relevant provisions; it also required that the types of vocational education, distribution of schools, and programs of study shall be optimized. Measures such as parallel enrollment allowing secondary vocational schools and general high schools to enroll students in the same batch shall be taken. The mode of training skilled talents integrating work and study shall be generally implemented in technical schools; vocational schools shall be

allowed to provide social training and technical services for a fee, or start businesses, and may independently arrange and use a certain proportion of the income obtained to cover school operating expenses. Such policy in relation to strengthening the building of a highly skilled workforce for the new era indicated that the country will implement more active measures to guide and mobilize all forces to participate in the building of highly skilled workforce for the new era, and provide more high-quality skilled talents to the society.

6. **On 2 November 2022, the MOE, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Human Resources and Social Security, and the Ministry of Housing and Urban-Rural Development jointly issued the notice on the Implementation Plan for the Projects Meeting the Standard Operating Conditions of Vocational Schools** (《職業學校辦學條件達標工程實施方案》), which clearly states that: encourage all localities to explore the mechanism of diversified investment of social forces, establish and improve the relevant systems of joint-stock and mixed-ownership schools for vocational schools, and support vocational schools to use operating income to carry out credit business cooperation with financial institutions on the premise of not adding hidden debts to local governments to attract more social funds for vocational education to improve school operating conditions. This document is a further development and echo of the core spirit of the Several Opinions of the State Council on Encouraging Social Forces to Establish Education to Promote the Healthy Development of Private Education (《國務院關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見》), which clarifies the attitude and positioning of the State towards social capital in the field of vocational education, dispels the business concerns of practitioners, and provides more confidence and guarantee for the whole society to work together to improve vocational education and further develop into a new stage of high-quality development.

## **OUR BUSINESS DEVELOPMENT ACHIEVEMENTS BY SCHOOLS**

Closing centering on the needs of social and economic developments, we place our focus on improving the quality of personnel training, increasing our investment, optimizing our professional disciplines, reforming teaching methods and integrating resources. We are committed to improving students' professional abilities and skills, and promoting the realization of high-quality development of schools.

### **1. Adapting to the needs of social development and continuously optimizing the structure of majors**

Having thoroughly implemented the Implementation Plan on Reform of National Vocational Education (《國家職業教育改革實施方案》), we has highlighted the specialization of our schools, actively carried out the application and establishment of new majors, constructed professional industrial colleges, and promoted the grouping of majors and the agglomeration of resources. During the Reporting Period, 28 new majors has been added, including 2 provincial-controlled majors such as pharmacy, and 26 filed majors such as intelligent network vehicle technology and application of artificial intelligence technology. Currently, the establishment of 24 provincial-level first-class majors has been completed, and 37 1+X certificate pilot majors has been established to continuously improve the competitiveness of our school majors.

## **2. Reforming courses and optimizing teaching materials to cater for the skill requirements of job positions**

Integrating the qualification and abilities of teachers from various schools, we have revised our professional talent training plan based on market demand, and developed case-based teaching courseware which integrates both theory and practice based on the ability needs of 4,460 job positions. We have not only established databases for course cases, textbooks and online courses, but also completed the development of comprehensive teaching resources for 1,145 job positions covering 61 majors and 237 programs as of today. Such resources have been used by 12 higher education institutions and more than 60,000 students. All schools had kick-started the establishment of three-level curriculum according to qualified, high-quality and gold courses. A total of 39 provincial and ministerial-level first-class courses and 141 school-level gold courses had been established. We had coordinated and organized more than 1,500 teachers from various schools to develop and compile teaching materials, and had edited and published 290 textbooks, providing a total of 2.16 million volumes of materials for schools. Through the development and establishment of high-quality courses, along with the development and compilation of high-quality teaching materials, we had effectively promoted the enhancement in the quality of education and teaching.

## **3. Strengthening efforts in teaching and research to pursue high-quality internal development**

We have centralized premiums resources in our schools in building our teaching and research teams. We built 66 research teams at school level and 2 research platforms at city and department levels (i.e. the transport + tourism big data application technologies research base in Chengdu and the key laboratory for computer aided molecular simulations in drug design in Qiannan), initiated the annual assessment systems for the goals and implemented the policy of supporting outstanding teaching and research programmes and cultivate special programmes. Currently, our schools have established 812 teaching and research programmes, (including 9 teaching and research programmes approved by the MOE and 230 teaching and research programmes approved by provincial governments). 938 papers have been published (including 110 in core journals). Our schools have been granted 78 patents (including 10 invention patents, 57 utility model patents and 11 design patents). Our schools have self-designed 46 textbooks (including 2 key textbooks approved by provincial governments). By building platforms and implementing assessment and motivation mechanisms, we have promoted the growth in numbers of teaching and research programmes, papers published, patents granted and textbooks compiled in our schools, which showed their striking results and strong growth.

#### **4. Deepening the construction of information system and accelerating the construction of smart campus construction**

We are pouring sums into the establishment of approximately 11,000 new network access points, and the completion of developments in security systems for various areas including next-generation firewalls in 8 schools, behaviour management for using internet devices at home and database auditing; we have upgraded our smart classrooms and video systems, achieving video recording throughout the processes of classroom teaching and practice and training, and the collection and analysis of data; we have completed the retrofitting of information systems for fees at our schools, and have completed the Group's centralized school roll data center; we have completed the development of our platforms for assessing and improving teaching quality and the platform is supported by our information system, achieving process monitoring, warning, assessing and quality analysis of data, and forming the internal long-term mechanism for improving quality of independent assessment and improvement; we have further amended various administrative systems, including the Administrative regulations for Network Operation (《網絡運行管理規範》) and Administrative Rules for Network Information Security(《網絡信息安全管理細則》). Through these measures in different aspects, we met the network demand for smart teaching, supported the safe operation of networks at our schools, and promoted the smart campus construction.

#### **5. Strengthening efforts in branding to enhance competitiveness of our schools**

Under the Guidelines for Schools in Participating Assessments of Competitiveness of High Schools (《關於各院校參加高校競爭力評價工作的指導意見》) and the Implementation Plan for Rankings of Schools in terms of competitiveness (《院校競爭力排名工作實施方案》) of the Company, and with the support of our Company, our schools have conducted analysis, building, self-assessment and improvement of their comprehensive competitiveness, around the school conditions, faculty strength, science and education output, social reputation and other aspects, thereby giving a powerful boost to the improvement of their comprehensive competitiveness. Among them, Hope College is ranked 8th in the Rankings of Private Colleges in China in terms of competitiveness in Research (2022) (2022中國民辦本科院校科研競爭力排名); Sichuan TOP Institute is ranked 95th in the Rankings of Cuaa.Net Higher Vocational Institute in China (Category I (2022) (2022校友會中國高職院校排名I類)), and is among the list of first-class higher vocational institute in Sichuan.

#### **6. Empowering rural vitalization to promote common prosperity**

In the past three years, we have actively responded to the call of the State to expand the number of students and leveraged our strengths as a higher vocational institute, and enrolled 19,762 new-type vocational farmers, migrant workers and retired soldiers for higher vocational skills education, providing talent support for rural vitalization; meanwhile, we actively organized agricultural skills training and training for people who are returning to hometowns to work or start businesses, during which a total of 1,000 trainings have been provided. We have organized vocational education and skills training for new residents in cities and people who were resettled to new positions or found new employment, thereby assisting more low-income farmers and new residents in cities to serve the urban and rural development and participate in wealth creation.



## Significant Events during the Reporting Period

1. On 20 November 2021, a sale and purchase agreement entered into between Hope Education Group (Hong Kong) Co., Ltd. and Chengdu Pengyang Enterprise Management Consulting Limited\* (成都鵬陽企業管理諮詢有限公司) dated 31 August 2021 in relation to the disposal of the entire issued share capital of Sichuan Tequ Mayflower Education Management Co., Ltd.\* (四川特驅五月花教育管理有限公司) had been approved by independent Shareholders by way of poll at an extraordinary general meeting of the Company. Pursuant to the aforesaid agreement, Hope Education Group (Hong Kong) Co., Ltd. agreed to sell 100% equity interest of Sichuan Tequ Mayflower Education Management Co., Ltd.\* (四川特驅五月花教育管理有限公司) to Chengdu Pengyang Enterprise Management Consulting Limited\* (成都鵬陽企業管理諮詢有限公司) (being a connected person of the Company) for a total consideration of RMB527 million. For details, please refer to the Company's announcements dated 31 August 2021 and 21 November 2021 and circular dated 5 November 2021.
2. On 23 December 2021, Hope Education, being a consolidated affiliated entity of the Company, and Meishan Tequ Linjia Education Consultation Limited\* (眉山特驅林嘉教育諮詢有限公司) entered into the Shuanglin Education equity transfer agreement, pursuant to which Hope Education conditionally agreed to purchase and Meishan Tequ Linjia Education Consultation Limited agreed to sell 100% equity interest of Meishan Tequ Shuanglin Education Consultation Limited\* (眉山特驅雙林教育諮詢有限公司) for a total consideration of RMB50 million. For details, please refer to the Company's announcement dated 24 December 2021.
3. On 21 January 2022, the school construction framework agreement dated 18 November 2021 entered into between Hope Education and Sichuan Wuyang Construction Engineering Limited Company\* (四川五陽建築工程有限公司) (being a connected person of the Company), the transactions contemplated thereunder and the annual caps had been approved by independent Shareholders by way of poll at an extraordinary general meeting. For details, please refer to the Company's announcements dated 18 November 2021 and 21 January 2022 and the Company's circular dated 5 January 2022.
4. On 18 February 2022, Mr. Xu Changjun stepped down as the chairman of the Board due to personal reasons but remained as an executive Director. Mr. He Shengli, a non-executive Director, had been appointed as the chairman of the Board with effect from 18 February 2022. For details, please refer to the Company's announcement dated 18 February 2022.
5. On 28 February 2022, Ms. Leung Wing Han Sharon had resigned as the joint company secretary and the authorized representative of the Company, and Ms. Chan Yin Wah had been appointed as a joint company secretary and the authorized representative of the Company with effect from 28 February 2022. For details, please refer to the Company's announcement dated 28 February 2022.

6. On 18 April 2022, a consolidated affiliated entity of the Company entered into the sale and purchase agreements with the wholly-owned subsidiaries of Sichuan Mayflower Enterprise Management Co., Ltd. To better respond to the spirit of the Central Committee “improving training quality and running vocational education well”, we invested resources in quality education to support college development and make the properties as the training venues and student accommodation. For details, please refer to the Company’s announcement dated 19 April 2022.
7. On 26 April 2022, a wholly-owned subsidiary of the Company completed the issuance of asset-backed notes (ABN). The issuance of ABN is mainly for debt replacement and debt structure optimization, under which debts due for payment will be gradually replaced with long-term debts. The ABN is in the amount of RMB800,000,000 with a duration of 3 years. With short-term funds replaced with long-term funds, the Company can achieve better debt structure optimization. For details, please refer to the Company’s announcement dated 26 April 2022.
8. On 11 May 2022, the Company granted share options to certain Directors and employees of the Company pursuant to the Company’s share option scheme adopted on 18 March 2022. The share options entitle the grantees to subscribe for a total of 802,750,000 ordinary shares with a nominal value of US\$0.00001 each in the capital of the Company upon the exercise of the share options in full. For details, please refer to the Company’s announcements dated 18 March 2022, 11 May 2022 and 23 September 2022 and the Company’s circular dated 7 September 2022.

## **Our Schools**

### ***Southwest China***

At present, we have 10 schools in Southwest China, including:

Hope College currently offers 51 undergraduate and specialist majors, forming a group of majors with rail transportation as the characteristic discipline, civil engineering as the supporting discipline, and business major as the extension discipline. The college built several high-standard and modern experimental training bases such as a rail transportation training centre and a civil digital architecture practice teaching centre. The college currently has 4 majors approved as first-class majors in Sichuan Province, 6 majors acknowledged as applied demonstration majors in Sichuan Province, and 4 majors acknowledged as key characteristic majors in private colleges in Sichuan Province, achieving full coverage of key major construction.

Founded in 1994, Tianyi College was one of the first private schools in China and the first full-time private college in Southwest China approved by the State Education Commission to be a national ordinary private higher education institution. The college was successfully approved with the second batch of national 1+X pilot certificates (website operation and promotion). The college offers 46 majors in 9 main categories, including economics and business, civil engineering and architecture, tourism, electronic information, culture and art, and medicine and health, established 3 provincial featured majors, 1 key featured major of Sichuan Association for Non-Government Education (四川省民辦教育協會), and approved researches on a total of 127 projects and topics. In respect of college-enterprise cooperation, deeply integrated development is achieved through combined practice between the college and enterprises over the years, and has now formed the “233+X” model of talent cultivation.

Founded in 2013, Automotive College established by the Company is the first ordinary college in Ziyang City, Sichuan Province. Centering on Ziyang's industrial system of "5+N" industry and "4+X" service industry, the college focused on the demand for talents from the automobile industry, smart manufacturing industry and modern service industry in Chengdu and Chongqing, which in turn developed a professional system featuring automation major as main subject, mechanical and electrical engineering major as support, management major as extension, as well as nursing and pre-school majors as expansion. The college has successively won the "Top 100 Advanced Enterprise Education Units in China", "National High-skilled Talent Training Base", "Sichuan Province National Unity and Progress Model School", "Sichuan Province Veterans Skills Training Institution", "Sichuan Province 1 May Labor Award granted in 2021" and other honors.

Founded in 2005, College of Culture & Communication is a full-time ordinary higher vocational education institution approved by the People's Government of Sichuan Province, filed with the MOE, administered by the Education Office of Sichuan Province, included into the national uniform enrollment scheme, possessing the qualification of independently issuing nationally recognized college diplomas. The college currently offers a total of 43 majors, and endeavours to construct five groups of distinctive specialties, namely radio, film and television, culture education, art and design, performing arts and aviation services.

Founded in 2000, Sichuan TOP Institute is one of the first national demonstrative software vocational and technical colleges approved by the MOE. The institute is also a national training base for skilled talents in short supply, a national high-skilled personnel training base for the electronic information industry, a national service outsourcing talents training base, and a training base for young technicians in the electronic information industry in Sichuan Province. In 2020, the college became a pilot college among the third batch of the MOE's "1+X" certification system. The college adheres to industry-education integration and values the cultivation of applied skills and general quality for students. It constructed a computer application and software technology training base (a vocational education training base supported financially by the Central Government), a mobile internet innovative training base, a software technology and production training base, an "Internet+" innovative and entrepreneurial talent incubation training base, an Innovation and Entrepreneurship Practice Base of livestream e-commerce business, digital control training centre, an automobile training centre, a JD (京東) campus training centre, a clinical nursing skills training centre, a pre-school education profession training centre as well as more than 140 professional experimental training rooms with advanced equipment.

Automotive Technician College was established in 2016 with the approval of the People's Government of Sichuan Province on the basis of Automotive College. The college is located in Ziyang High-tech Industrial Zone, adjacent to many well-known enterprises such as Sichuan Nanjun Automobile Group Co., Ltd., Hyundai Truck & Bus (China) Co., Ltd. and CRRC GROUP (中車集團). Fully leveraging its geographical features, coupled with its strengths in aspects such as cultivation of technicians, technological innovation, technique competition, training and evaluation, the college conducted in-depth collaboration with the enterprises. Under the circumstances, school operation mode of "the school-enterprise collaboration and the combination of production and education" has been formed, which includes co-construction of training bases, sharing of teaching staff, joint training of skilled talents, joint research of technological innovation and joint hosting of technique competitions, realizing a win-win situation in both resource-sharing and co-development with enterprises.

Guizhou Qiannan Economic College, formerly known as Business College of Guizhou University of Finance and Economics, is an independent college implementing undergraduate education established in 2001 under the approval of the Guizhou Provincial Department of Education and confirmed by the MOE in 2004. On 31 May 2021, the MOE officially approved the conversion of the college. The college has six colleges in aspects of finance, accounting, management, information, humanities and law, and Marxism. It has 29 undergraduate majors and a professional academic system of multi-disciplinary development in coordination featuring economics and management has been shaped. In the recent years, its enrollment has repeatedly set new highs, and the registration rate ranked in the forefront of similar schools and ranked first in the province.

Guizhou Institute of Technology is a full-time ordinary higher education institution approved by the People's Government of Guizhou Province and filed with the MOE. The institute has been comprehensively implementing the principles of education of the Party, strengthening efforts in internal development and striving to cultivate high-quality technical and skilled talents with features of "fostering virtue, working for achievements and demonstrating applications". Teachers with vice-senior titles account for more than 20% of the total number of teachers at our schools, and teachers with dual-qualifications and dual skills accounted for nearly 50% of the total number of teachers at our schools. Under the principle of "offering open education", our schools have been implementing the approach of integrated industry-education-research development, with 118 professional training rooms for various disciplines in their campus. For relations with external parties, our schools have signed school-enterprise cooperation agreements with more than 100 leading companies, including Shanghai Volkswagen, Wengfu Group and Guizhou Chanhen Chemical Corporation and more than 40 hospitals at Grade IIA level or above in Guizhou province, to build training and employment bases with a view to jointly cultivate students, providing a broad platform for student internships and high-quality employment.

College of Science and Technology, formerly known as College of Science and Technology of Guizhou University, is an undergraduate general higher education institution approved by the Guizhou Provincial People's Government in May 2001. It has majors covering six disciplines including engineering, management, economics, literature, law and art. A professional academic system of multi-disciplinary development in coordination featuring engineering and art has been shaped. With improvement in capability of school operation and significant enhancement in quality of school operation in recent years, the school has achieved remarkable enhancement in quality of student sources and employment, social reputation and influence.

Guizhou Applied Technology Technician College was established with the approval of Guizhou Provincial People's Government in 2019. Currently, it has established cooperative relations with 86 large enterprises and industry associations, among which, its nursing department and the People's Hospital of Qiandongnan Miao and Dong Autonomous Prefecture (黔东南苗族侗族自治州人民医院), Guiyang People's Hospital (贵阳市人民医院), Fuquan First People's Hospital (福泉市第一人民医院), its chemical technology department and Guizhou Henghua Co., LTD (贵州恒化股份有限公司), its automobile department and Beiqi Yinxiang Automobile Co., LTD. (北汽银翔汽车有限公司), jointly build the practice and training base inside and outside the school, to cultivate high-quality and highly skilled talent for the local social development.

## ***East China***

At present, we have 4 schools in East China, including:

Suzhou Top Institute is located in Kunshan City, Jiangsu Province, with 36 majors. Focusing on school-enterprise cooperation and deepening the integration of industries and education, in 2019, the college and enterprises and public institutions deepened cooperation by opening 5 customized classes in the mode of rotating the learning and work experience, with 27 internship projects. The college has won the title of “excellent college for ‘government-school-enterprise’ cooperation” for six consecutive years, and received an “A grade” in 2020 and 2021 Quantitative Assessments for Employment of High School Graduates in Jiangsu Province (江蘇省 2020 年、2021 年高校畢業生就業工作量化考核).

After more than 20 years since its establishment, Jinken College offers more than 30 majors in automobile, machinery, AI, construction and civil engineering, electronic information, economic management, humanities and social sciences, and digital art. It set a professional layout of “engineering major as subject with coordinated development of economics, management, science, literature and art”. It has 1 national key construction engineering technology major, 1 provincial construction engineering technology key professional major, 1 provincial mechanical manufacturing and automation specifics major, 1 provincial numerical control higher vocational training base, and 1 provincial innovative experimental base for cultivation of talents in automobile major. The construction engineering technology major has been established as a brand major in colleges in Jiangsu Province during the “13th Five-Year Plan” period. In 2021, big data and accounting and other economic and management majors have been listed as key development majors.

Founded in 1985, Gongqing College is an independent college with coordinated development of engineering, literature, education, economics, management, and art. The college is based on Gongqing’s characteristic industries and the Ganjiang New Area Economic Belt, focusing on Jiangxi and national development strategy. It is oriented towards employment promotion, building a professional cluster with engineering as the mainstay. The college now has 8 teaching departments and divisions, including information technology department as well as engineering and technology department. It has 21 undergraduate majors, 12 junior majors and 1 research institute. The college’s students have repeatedly achieved good results in various competitions across the country and the province, receiving over the past ten years a total of 1,736 awards in various scientific competitions at or above the provincial level.

Nanchang Institute of Film and Television, approved by the People’s Government of Jiangxi Province, filed with the MOE, included into the nationally uniform enrollment scheme, possessing the qualification of independently issuing nationally recognized college diplomas, is a full-time ordinary private higher vocational education institution focusing primarily on media studies in film and television. The institute structures its programmes according to the characteristics of the media and art communication industry of film and television, offering 24 majors such as dance performance, film and television directing, theatre, film and television performance, broadcasting and hosting, photography and videography technology, network news and communication, digital media technology, character image design, advertisement design and production, as well as building four major groups, namely music and dance, film, television and media, art and design, and cultural management.

## ***North China***

At present, we have 3 schools in North China, including:

Founded in 2002, the college in Shanxi is the sole independent college of full-time undergraduate education for medical majors in Shanxi Province approved by the MOE and the People's Government of Shanxi Province. The college has eight departments and divisions, and also offers thirteen majors, including clinical medicine, oral medicine, anesthesiology, nursing, preventive medicine, medical laboratory technique, medical imaging technique, rehabilitation treatment, oral medicine technique, optometry, pharmaceuticals, pharmaceutical products and traditional Chinese medicine.

Located in Hohhot, the capital city of the Inner Mongolia Autonomous Region, the college in Inner Mongolia is a full-time ordinary undergraduate independent college formally approved by the MOE in 2008 and started its enrollment in the same year. The college has 9 secondary colleges and 1 teaching department, offering 27 undergraduate majors, among which, 7 majors, namely Chinese language and literature, automation, visual communication design, human resource management, and journalism have been approved as first-class professional construction sites at the autonomous region level, with 110 stable off-campus practice bases built with enterprises for college students.

The college in Hebei is located in Wei County, Xingtai, a garden city in Hebei Province. It is a full-time ordinary higher vocational college approved by the People's Government of Hebei Province and filed with the MOE. It has the qualification to independently issue nationally recognized academic certificates. The college is a regional revitalization education assistance project unit that the MOE focuses on. The college now has automotive engineering department, information technology department, health management department, ideological and political department and basic education department. It has eight majors of new energy automobile testing and maintenance technology, big data technology, rural e-commerce, health management, infant care service and management, AI technology applications, healthcare big data management and services and art design in digital media. The college has obtained the approval of national research grant for one programme and the approval of provincial/departmental research grant for one programme.

## ***Central China***

At present, we have 1 school in Central China, namely:

The college in Henan is the only automobile engineering ordinary higher education institution in Henan Province. The college offers 40 majors in automobile, electronics, machinery, economics and management disciplines to address the development needs of the automobile industry. Since 2022, 3 provincial level projects, 5 utility model patents have been added, while 22 essays have been published, consisting of 4 core journals and 3 master works; 5 municipal level subjects have been awarded, consisting of one first prize, one second prize and three third prizes. The college has successively won more than 40 honors, such as the "National Employees' Education and Training Role Model" (全國職工教育培訓示範點), "Civilized Unit of Henan Province" (河南省文明單位), "Distinguishing Vocational Education College of Henan Province" (河南省職業教育特色院校), "Advanced Unit for Building of Grass-root Party in Higher Education Institution of Henan Province" (河南省高校基層黨組織建設先進單位), "Prize of Excellent Achievements in Higher Education Institution Campus Culture Construction of Henan Province" (河南省高等院校校園文化建設優秀成果獎), "Advanced Party School of Grass-root Party of Henan Province" (河

南省基層黨組織先進黨校), “Outstanding Private Higher Education Institute of Henan Province During 40 Years of Reform and Opening Up”(改革開放40年河南省優秀民辦高校), “Life-long Learning Brands of Hebi City”(鶴壁市終身學習品牌) and more. The college has established good employment relationship with various prominent automobile manufacturing and related enterprises, and entered into tailor-made cooperation agreements with them. Employment rate of graduates has kept above 97% for many years in a row.

### ***Northwest China***

At present, we have 3 schools in Northwest China, including:

The college in Ningxia was established in 1999 and it has 12 secondary colleges and 2 education departments and offers 36 undergraduate majors, covering 8 disciplines including engineering, management, economics and literature. There are 12 first class undergraduate majors in the autonomous region, 30 first-class courses in the autonomous region, over 100 scientific research projects approved by the autonomous region, 5 demonstration majors for talents training through industry education integration, 3 experimental teaching demonstration centres, and 162 stable off-campus practice bases built with enterprises for college students. A professional academic system of engineering as main subject with multi-disciplinary development in coordination featuring energy and chemical engineering has been shaped. By proactively carrying out external cooperation in education in recent years, the college has been the intended cooperative college of the national “Internet + Made in China 2025” Plan for the Integration and Promotion of Industry and Education (“互聯網+中國製造 2025”產教融合促進計劃項目). At the same time, it has successively established long-term and stable school cooperation with 12 foreign colleges and universities, and is the only private higher education institution in Ningxia that can enroll foreign students. The school was successively awarded the “Special Award for the Contribution in the Construction of Economy in Yinchuan (服務銀川經濟建設特別貢獻獎)” by Yinchuan City, the “4th National Education Reform and Innovation Excellence Award (第四屆全國教育改革創新優秀獎)” by China Education Daily, and the “National Innovation and Entrepreneurship Education Practice Training Base Construction Award (全國創新創業教育實踐實訓基地建設獎)” by the Chinese Association for Non-Government Education. It has also been selected to be in the ICT Industry and Education Integration and Innovation Base Project by MOE and ZTE Corporation (教育部—中興通訊 ICT 產教融合創新基地項目) and is now a council member of the Association of Universities (Colleges) of Applied Science, the college receiving targeted support from Fuzhou University under the cooperation between Fujian and Ningxia, and the pilot college for the transformation and development of local undergraduate colleges in Ningxia.

Shaanxi University was founded in 1998 and it is an ordinary undergraduate college approved by the MOE and a college with postgraduate school-enterprise education partnership workstation approved by the eight departments and committees of Shaanxi Provincial Department of Education. It is also the first private college approved to recruit Chinese students from Hong Kong, Macau, Taiwan and overseas in Shaanxi Province. It has developed into a modern university with coordinated development of various majors including engineering, literature, economics, management, education, law, art and medicine and various forms of education including undergraduate majors, junior majors, continuing education and research institute. The college now has 14 secondary colleges and 1 college of continuing education.

Founded in 2021, Gansu College is the first private higher vocational college in Gansu Province with the approval of the People's Government of Gansu Province and filed with the MOE. The college now has 10 majors, namely new energy automobile technology, automobile manufacturing and testing technology, urban rail transportation operation management, big data information technology, e-commerce, big data and accounting, sports healthcare and rehabilitation, health management, high-speed railway passenger transportation service, infant and child care service and management. The college currently has 36 experimental training rooms, and has signed school-enterprise cooperation agreements with more than 30 enterprises including Baiyin Data Management Bureau (白銀市大數據管理局), Baiyin Transportation Bureau (白銀市交通運輸局), Gansu Bangnongqing e-Commerce Co., Ltd\*. (甘肅邦農情電子商務有限責任公司).

### ***Overseas***

At present, we have 2 schools overseas, including:

The college in Malaysia was founded in 1986 and it is one of the five-star universities issued by the Ministry of Higher Education of Malaysia, and enjoys a reputation for its teaching standards and academic qualities in Malaysia. INTI International University offers junior majors, undergraduate, postgraduate and doctoral programmes in the fields of business, computing, engineering, medicine, psychology, education, mass communication, art and design, hotel management and culinary arts. The programmes offered by INTI International University primarily include intensive English programmes, university programmes in business, engineering, computing, certificate in laws, university programmes in life and health sciences and other professional certificates courses as well as postgraduate programmes such as MBA, information system, information technology, facility and equipment management, education management, e-commerce and nutrition care. INTI International University cooperates with many renowned universities in countries such as the United Kingdom, the United States, Australia and New Zealand to offer various kinds of the latest international courses and international linked programmes at certificate, diploma, bachelor's degree and master's degree levels. All courses and programmes are verified and certified by the relevant renowned universities in the United Kingdom, the United States, Australia and New Zealand, offering students a learning environment with opportunities to exchange with students from various countries.

The college in Thailand was established in 1996. The campus has a modern and technological style, the environment of which is beautiful and is known as one of the most beautiful universities in Thailand. Shinawatra University is an international university focusing on business and technology. In respect of global enrollment, the university has teachers and students from more than 30 countries, which has greatly promoted the exchange of different cultures, philosophies and ideas. The university offers bachelor's, master's and doctoral degrees, and there are colleges of management, literature and nursing. Since 2015, in order to actively respond to "Industry 4.0" of Thailand and the call of the "Belt and Road Initiative", the college offered courses taught in English, Chinese and Thai to enroll foreign students.



## Our Students

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

<b>Schools</b>	<b>Student Enrollment</b>	
	<b>As at 31 August 2022</b>	<b>As at 31 August 2021</b>
Undergraduate colleges	<b>143,402</b>	119,050
Junior colleges	<b>124,905</b>	98,465
Technical education	<b>12,146</b>	14,544
<b>Total</b>	<b><u>280,453</u></b>	<b><u>232,059</u></b>

## Campus Utilisation Rate

	<b>As at 31 August 2022</b>	<b>As at 31 August 2021</b>
Total number of student enrollment	<b>280,453</b>	232,059
Total capacity	<b>305,581</b>	256,503
Overall utilisation rate	<b>91.8%</b>	90.5%

### *Note:*

The student information is based on the official records of the relevant education authorities in China or the internal records of the Group's schools.

## **OUTLOOK**

### **1. Pursue the development strategy of “quality-first”**

In the 20th National Congress of the Communist Party of China, General Secretary Xi Jinping has proposed that: “We should continue to give high priority to the development of education, build China’s self-reliance and strength in science and technology, and rely on talent to pioneer and to propel development. We should speed up work to build a strong educational system, greater scientific and technological strength, and a quality workforce”. The development of a strong country in education has entered into a new stage. We will seize the key historic opportunities arising from the national policies to expedite the establishment of a modern vocational education system and the cultivation of more high-quality technical and skilled talents. We will pursue the development strategy of “quality-first”. By focusing on the critical task of improving the quality in cultivation of talents, we will optimize and strengthen the team of teaching staff, continue to deepen reform in ways of teaching, and continue to strengthen efforts in developing our capability of practical training.

Firstly, we plan to build featured schools. We analyze the existing schools one by one and determine the featured majors which should be focused on by each school. Through strengthening the relevant majors, featured majors of the schools will be formed, as such, the competitiveness of schools will be enhanced by achieving “One school, one characteristic”.

Secondly, we plan to build and strengthen the team of teaching staff. In two to three years, we will introduce talents and provide diversified training, and improve overall quality and capabilities of our teachers through competition as a part of training, thereby upgrade the quality of our school operation.

Thirdly, we deepen the reform of teaching and research. We will continue to explore the possibilities of small class teaching and improve the teaching result. We will accelerate the development of case-based teaching resources which integrates both theory and practice, and the construction of the database for teaching cases and teaching materials. We will strengthen efforts in teaching research to support teaching with research and improve the overall quality of cultivation of talents.

### **2. Adhering to the strategy of synergistic development at home and abroad**

We will seize major opportunities such as encouragement of the State to accelerate the promotion of foreign exchanges and cooperation in vocational education, and deepen the strengthening of vocational education and mutual recognition of academic qualifications with Association of Southeast Asian Nations. Based on overseas colleges such as INTI International University in Malaysia and Shinawatra University in Thailand and cooperation platforms, the Company actively promoted the sharing of local high-quality teaching resources, academic research resources and enrollment resources between domestic colleges and overseas colleges, to promote synergistic development, further expanding and optimizing overseas higher education business, in order to provide stable channels for students of domestic colleges to study abroad, provide a stable source of students for overseas colleges and universities to achieve sustainable and synergistic development.

### **3. Adhering to the scale development strategy of existing colleges in China**

The Company has established 19 colleges and universities and 2 technical colleges in eleven provinces in the eastern, central and western regions of China. The colleges are located in provinces with a large population, well-developed economies, and relatively short supply of higher education resources. We will make full use of the comparative advantages of higher education development in various regions, concentrate on existing resources, strive to improve and strengthen existing colleges and schools, and expand the size of existing colleges so as to provide more high-quality higher education degrees for society, increase the average number of students among higher education schools, and increase the utilization rate of resources. We must always adhere to the student-centered approach, continuously improve education, teaching and logistics supporting services to meet the diversified development needs of students.

## **FINANCIAL REVIEW**

### **Non-IFRS Measurement**

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

The annual financial results for the years ended 31 August 2022 and 2021 as follows:

<b>Items</b>	<b>2022</b> <i>in millions of RMB</i>	2021 <i>in millions of RMB</i>
<b>Revenue</b>	<b>3,042.69</b>	2,324.27
Less: Cost of sales	<b>1,647.55</b>	1,148.30
<b>Gross profit</b>	<b>1,395.14</b>	1,175.97
Add: Other income and gains	<b>281.64</b>	666.53
Fair value gains on convertible bonds	<b>0.04</b>	375.95
Less: Selling expenses	<b>216.89</b>	147.21
Administrative expenses	<b>440.43</b>	332.75
Finance costs	<b>298.43</b>	298.42
Other expenses	<b>144.22</b>	102.07
Conversion fees	–	412.30
Add: Share of profits (losses) of joint ventures	<b>31.52</b>	(242.07)
Share of losses of an associate	<b>(18.93)</b>	(11.16)
<b>Profit before tax</b>	<b>589.44</b>	672.47
Income tax expense	<b>143.54</b>	67.35
<b>Profit for the year</b>	<b>445.90</b>	605.12
<b>Adjusted gross profit</b>	<b>1,492.23</b>	1,237.12
<b>Adjusted net profit</b>	<b>758.58</b>	866.36

#### **Calculation of adjusted gross profit**

<b>Items</b>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Gross profit	<b>1,395.14</b>	1,175.97
Add:		
1. Depreciation and amortisation arising from valuation appreciation	<b>87.17</b>	61.15
2. Equity-settled share option expenses	<b>9.92</b>	–
<b>Adjusted gross profit</b>	<b>1,492.23</b>	1,237.12

Description:

Adjusted gross profit is calculated as gross profit for the period after eliminating (i) additional depreciation and amortisation from temporary fair value adjustment of identifiable assets acquired; and (ii) equity-settled share option expense.

## Calculation of adjusted net profit

Items	2022 <i>in millions of RMB</i>	2021 <i>in millions of RMB</i>
Net profit	<b>445.90</b>	605.12
Add:		
1. Depreciation and amortisation arising from valuation appreciation	<b>100.42</b>	74.21
2. Conversion fees and finance cost accrued at amortised cost because of deferred payment of conversion fees	<b>30.16</b>	685.98
3. One-time derecognition of brand usage fees because of conversion	–	77.18
4. Foreign exchange gain and loss	<b>133.96</b>	(19.40)
5. Equity-settled share option expenses	<b>26.89</b>	–
6. Finance cost accrued at amortised cost because of deferred payment for purchase of equity interest	<b>21.29</b>	31.42
Less:		
1. Fair value gains on convertible bonds	<b>0.04</b>	375.95
2. Investment income from the conversion of the equity method to the cost method for long-term equity investments in the College of Science and Technology	–	212.20
Adjusted net profit	<b>758.58</b>	866.36

### Description:

Adjusted net profit is measured by excluding (i) additional depreciation and amortisation resulting from the temporary fair value adjustment of the identifiable assets acquired; (ii) conversion fees of independent colleges and finance cost accrued at amortised cost because of deferred payment of conversion fees (iii) one-time derecognition of brand usage fees because of conversion; (iv) foreign exchange gain or loss; (v) equity-settled share option expenses; (vi) finance cost accrued at amortized cost because of a payment due over one year for the acquisition of equity interest under the relevant agreement; (vii) fair value changes; and (viii) investment income from the conversion of the equity method to the cost method for long-term equity investments in the College of Science and Technology.

### Overview

For the year ended 31 August 2022, the Group recorded revenue of RMB3,042.69 million, adjusted gross profit of RMB1,492.23 million and gross profit of RMB1,395.14 million.

For the year ended 31 August 2022, the Group recorded adjusted net profit of RMB758.58 million and net profit of RMB445.90 million.

## **Revenue**

For the year ended 31 August 2022, revenue of the Group reached RMB3,042.69 million, representing an increase of RMB718.42 million or 30.9% from RMB2,324.27 million for the year ended 31 August 2021. Such increase was mainly due to the significant increase in the number of schools and students enrolled and the contribution of some newly acquired schools and colleges.

## **Cost of Sales**

For the year ended 31 August 2022, cost of sales of the Group was RMB1,647.55 million, representing an increase of RMB499.25 million or 43.5% from RMB1,148.30 million for the year ended 31 August 2021. Such increase was mainly due to (i) recruitment of additional teachers, implementation of small class teaching and increase in remuneration of faculty members; and (ii) upgrade of schools and colleges, increased investment in practical training and increase in depreciation and amortisation of school premises and practical training facilities. The increase in depreciation and amortization is mainly due to the newly acquired colleges in the current year. The depreciation and amortization generated by the newly acquired colleges in the current year accounted for more than 50% of the total increase in depreciation and amortization.

## **Gross Profit and Gross Profit Margin**

For the year ended 31 August 2022, gross profit of the Group amounted to RMB1,395.14 million, representing an increase of RMB219.17 million or 18.6% from RMB1,175.97 million for the year ended 31 August 2021.

For the year ended 31 August 2022, adjusted gross profit of the Group was RMB1,492.23 million, representing an increase of RMB255.11 million or 20.6% from RMB1,237.12 million for the year ended 31 August 2021. For the year ended 31 August 2022, adjusted gross profit margin was 49% while the year ended 31 August 2021 was 53.2%.

The decrease in gross profit margin was mainly due to the increase in remuneration of faculty members and increase in depreciation and amortisation as a result of the Group's increased investment in school premises and teaching and training facilities to improve the quality of teaching during the year.

## **Other Income and Gains**

For the year ended 31 August 2022, other income and gains of the Group amounted to RMB281.64 million, representing a decrease of RMB384.89 million or 57.7% from RMB666.53 million for the year ended 31 August 2021. It was mainly due to the appreciation of RMB212.20 million in the appraisal value of the equity interest of the College of Science and Technology in the previous year and the gain of RMB179.90 million on debt restructuring, which was not available in the current period, and representing the actual increase of RMB7.21 million net of the above effects as compared with the same period last year.

## **Selling Expenses**

For the year ended 31 August 2022, selling expenses of the Group amounted to RMB216.89 million, representing an increase of RMB69.68 million from RMB147.21 million for the year ended 31 August 2021. Such increase was mainly due to the increase in investment in manpower, advertising and marketing related to enrollment and employment.

## **Administrative Expenses**

For the year ended 31 August 2022, administrative expenses of the Group amounted to RMB440.43 million, increased by RMB107.68 million compared with that of RMB332.75 million for the year ended 31 August 2021, which was mainly because (i) the acquisition of colleges require further in-depth integration; and (ii) the increase in salary, depreciation and amortisation due to the recruitment of additional teachers and college upgrades.

## **Other Expenses**

For the year ended 31 August 2022, other expenses of the Group amounted to RMB144.22 million, increased by RMB42.15 million compared with that of RMB102.07 million for the year ended 31 August 2021, which was mainly due to the increase in foreign exchange loss in the current period.

## **Finance Costs**

For the year ended 31 August 2022, finance costs of the Group amounted to RMB298.43 million, which remained basically stable as compared with the year ended 31 August 2021 of RMB298.42 million.

## **Profits for the Reporting Period**

For the year ended 31 August 2022, the Group recorded adjusted net profit of RMB758.58 million, decreased by RMB107.78 million or 12.4% compared with that of RMB866.36 million for the year ended 31 August 2021. For the year ended 31 August 2022, adjusted net profit margin was 24.9% as compared with 37.3% for the year ended 31 August 2021.

The decrease in adjusted net profit was mainly attributable to (i) increased investment in teaching facilities and equipment of schools, the recruitment of additional teachers and enrollment promotion in the current period; and (ii) gains on restructuring of debt of RMB179.90 million in the previous period, which was not available in the current period.

For the year ended 31 August 2022, the Group recorded net profit of RMB445.90 million, decreased by RMB159.22 million or 26.3% compared with that of RMB605.12 million for the year ended 31 August 2021.

## **Capital expenditure**

Our capital expenditures for the year ended 31 August 2022 amounted to RMB2,625 million, which were mainly used for college expansion, venue renovation, upgrade of school premises, construction of teaching and training venues, procurement of equipment and software and payment of acquisition, etc.

## Capital Commitments

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

	<b>As at 31 August 2022 RMB'000</b>	As at 31 August 2021 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	<b>766,837</b>	1,211,724
Prepaid land lease payments	<b>37,732</b>	153,696
Acquisition of equity interests	<b>9,489</b>	297,243
	<b>814,058</b>	1,662,663

## Liquidity, Financial Resources

As at 31 August 2022, the Group had total cash and bank balances of RMB3,033.51 million, among which: (i) cash and cash equivalents amounted to RMB2,725.26 million (31 August 2021: RMB4,357.29 million); and (ii) restricted bank deposits and security deposits amounted to RMB308.25 million (31 August 2021: RMB457.12 million).

## Indebtedness

### *Bank Loans and Other Borrowings*

The Group's bank loans and other borrowings primarily consist of short-term loans for working capital and long-term loans for construction of school buildings and facilities, merger and acquisitions and other projects. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As at 31 August 2022, the aggregate loan balance amounted to RMB4,123.66 million, all of which was denominated in RMB. As at 31 August 2022, the Group's bank loans and other borrowings bore effective interest rates ranging from 4% to 15.05% per annum. Without taking into account a portion of loans for the newly acquired colleges, most of bank loans and other borrowings of the Group bore effective interest rates ranging from 4% to 8.5% per annum. The Group considers that, with part of the loans for the newly acquired colleges due to be repaid, the effective interest rate per annum will be reduced continuously, coupled with the fact that loans bearing relatively higher annual interest rates are of lower principal amount, the effect on finance costs of the Group will not be material.

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



## **Current Ratio**

As at 31 August 2022, current assets of the Group amounted to RMB4,900.17 million, consisting of cash and cash equivalents of RMB2,725.26 million, pledged and restricted deposits of RMB272.06 million, amounts due from related parties of RMB551.65 million, prepayments, deposits and other receivables of RMB1,215.86 million and other current assets of RMB135.34 million. Current liabilities of the Group amounted to RMB8,177.61 million, including accruals and other payables of RMB3,060.81 million, contract liabilities of RMB1,678.47 million, interest-bearing bank and other loans of RMB2,560.74 million and other current liabilities of RMB877.59 million. As at 31 August 2022, current ratio (current assets divided by current liabilities) of the Group was 0.60 (31 August 2021: 0.83).

## **Contingent Liabilities**

As at 31 August 2022, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

## **Net Debt to Equity Ratio**

Net debt to equity ratio equalled to total interest-bearing bank loans and other borrowings of RMB4,123.66 million, net of cash and cash equivalents of RMB2,725.26 million, restricted bank deposits and security deposits of RMB308.25 million as at the end of the year divided by total owner's equity of RMB8,047.83 million as at the end of the year. The Group's net debt to equity ratio increased to 13.6% as at 31 August 2022 as compared with -21.8% as at 31 August 2021, mainly due to continuous investment in the construction of teaching facilities and equipment of schools and dormitories and the acquisition of colleagues by the Group.

## **Debt to Equity Ratio**

As at 31 August 2022, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank loans by total equity) was approximately 51.2% (31 August 2021: 39.8%).

## **OTHER EVENTS**

### **Events after the Reporting Period**

On 28 November 2022, the Company entered into an acquisition agreement with the vendor for the acquisition of 100% equity interest in Wekerle Business School. Wekerle sandor Business School was founded in central Budapest, capital of Hungary in 2008, it is an international university focusing on business which uses English as the medium of instruction. Wekerle sandor Business School enrolls students from all over the world and provides programmes at preparatory, junior college, undergraduate and postgraduate levels. It is recognized by the Hungarian Higher Education Accreditation Committee with higher education qualifications and qualifications of degree awarding. It is included in the white list of education related foreign supervision of the MOE of the PRC, which meets the requirements for mutual education recognition.

## **CORPORATE GOVERNANCE CODE**

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

During the Reporting Period, the Company has complied with all applicable code provisions contained in the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

For the year ended 31 August 2022, the Company has also adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry on all Directors of the Company, all Directors confirmed that for the year ended 31 August 2022, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2022.

## **FINAL DIVIDEND**

The Board does not recommend the distribution of a final dividend for the year ended 31 August 2022.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2022.

## **SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 August 2022, but represents an extract from the consolidated financial statements for the year ended 31 August 2022 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the audit committee of the Company and approved by the Board.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.hopeedu.com>). The annual report for the year ended 31 August 2022 will be dispatched to the Shareholders in due course and available on the above websites.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*For the year ended 31 August 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
REVENUE	4	<b>3,042,694</b>	2,324,272
Cost of sales		<u><b>(1,647,554)</b></u>	<u>(1,148,304)</u>
Gross profit		<b>1,395,140</b>	1,175,968
Other income and gains	4	<b>281,642</b>	666,527
Selling expenses		<b>(216,889)</b>	(147,205)
Administrative expenses		<b>(440,428)</b>	(332,749)
Fees for conversion of an independent college into a full private university	5	–	(412,300)
Other expenses		<b>(144,218)</b>	(102,079)
Finance costs		<b>(298,433)</b>	(298,417)
Fair value gains on convertible bonds	4	<b>37</b>	375,954
Share of profit/(losses) of:			
An associate		<b>(18,927)</b>	(11,163)
Joint ventures		<u><b>31,523</b></u>	<u>(242,070)</u>
PROFIT BEFORE TAX	5	<b>589,447</b>	672,466
Income tax expense	6	<u><b>(143,538)</b></u>	<u>(67,346)</u>
PROFIT FOR THE YEAR		<u><b>445,909</b></u>	<u>605,120</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u><b>(14,390)</b></u>	<u>(45,216)</u>
Total comprehensive income for the year		<u><b>431,519</b></u>	<u>559,904</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(continued)

*For the year ended 31 August 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Profit/(loss) attributable to:			
Owners of the Company		<b>444,641</b>	605,505
Non-controlling interests		<b>1,268</b>	(385)
		<b><u>445,909</u></b>	<b><u>605,120</u></b>
Total comprehensive income attributable to:			
Owners of the Company		<b>430,091</b>	559,611
Non-controlling interests		<b>1,428</b>	293
		<b><u>431,519</u></b>	<b><u>559,904</u></b>
Earnings per share attributable to ordinary equity holders of the Company:			
	7		
Basic		<b>RMB5.55</b> <b>cents</b>	RMB7.96 cents
		<b><u>RMB5.55</u></b> <b><u>cents</u></b>	<b><u>RMB7.96</u></b> <b><u>cents</u></b>
Diluted		<b>RMB5.53</b> <b>cents</b>	RMB2.86 cents
		<b><u>RMB5.53</u></b> <b><u>cents</u></b>	<b><u>RMB2.86</u></b> <b><u>cents</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 August 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b> <i>(Restated)</i> <i>(Note 9)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>10,582,035</b>	8,425,972
Right-of-use assets		<b>1,956,751</b>	1,405,412
Interests in land held for property development		<b>575,317</b>	142,592
Investment property		<b>36,536</b>	36,817
Goodwill		<b>2,031,266</b>	1,296,672
Other intangible assets		<b>1,256,070</b>	797,111
Investments in joint ventures		<b>529,823</b>	500,830
Investment in an associate		–	381,337
Prepayments, deposits and other receivables	<i>11</i>	<b>374,112</b>	859,390
Pledged and restricted deposits	<i>12</i>	<b>36,193</b>	296,083
Deferred tax assets		<b>27,271</b>	31,382
Contract cost assets		<b>7,529</b>	1,007
		<hr/>	<hr/>
Total non-current assets		<b>17,412,903</b>	14,174,605
<b>CURRENT ASSETS</b>			
Trade receivables	<i>10</i>	<b>127,124</b>	126,106
Prepayments, deposits and other receivables	<i>11</i>	<b>1,215,857</b>	1,016,078
Amounts due from related parties		<b>551,647</b>	56,629
Contract cost assets		<b>8,217</b>	2,515
Pledged and restricted deposits	<i>12</i>	<b>272,057</b>	161,034
Cash and cash equivalents	<i>12</i>	<b>2,725,264</b>	4,357,287
		<hr/>	<hr/>
Total current assets		<b>4,900,166</b>	5,719,649

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)*As at 31 August 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i> <i>(Restated)</i> <i>(Note 9)</i>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	<i>4</i>	<b>1,678,466</b>	1,485,362
Trade payables	<i>13</i>	<b>58,579</b>	57,709
Other payables and accruals	<i>14</i>	<b>3,060,806</b>	2,814,398
Lease liabilities		<b>27,197</b>	30,927
Deferred income		<b>75,393</b>	44,960
Derivative financial instruments		–	2,817
Interest-bearing bank and other borrowings		<b>2,560,744</b>	2,140,396
Amounts due to related parties		<b>543,779</b>	199,135
Tax payable		<b>172,647</b>	128,884
		<hr/>	<hr/>
Total current liabilities		<b>8,177,611</b>	6,904,588
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		<b>(3,277,445)</b>	(1,184,939)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>14,135,458</b>	12,989,666
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

As at 31 August 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b> <i>(Restated)</i> <i>(Note 9)</i>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	<i>14</i>	<b>885,131</b>	619,452
Deferred income		<b>1,534,814</b>	1,444,189
Convertible bonds		<b>1,871,914</b>	1,892,889
Interest-bearing bank and other borrowings		<b>1,562,915</b>	970,106
Lease liabilities		<b>116,306</b>	140,468
Deferred tax liabilities		<b>114,604</b>	114,173
Contract liabilities		<b>1,949</b>	1,562
		<hr/>	<hr/>
Total non-current liabilities		<b>6,087,633</b>	5,182,839
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>8,047,825</b>	7,806,827
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		<b>545</b>	542
Reserves		<b>8,052,437</b>	7,813,761
		<hr/>	<hr/>
Non-controlling interests		<b>8,052,982</b> <b>(5,157)</b>	7,814,303 <b>(7,476)</b>
		<hr/>	<hr/>
Total equity		<b>8,047,825</b>	7,806,827
		<hr/> <hr/>	<hr/> <hr/>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2022

	Attributable to owners of the Company									
	Issued capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Share option reserve* RMB'000	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 September 2020	493	3,622,354	598,468	365,266	118,469	978,171	-	5,683,221	3,196	5,686,417
Profit for the year	-	-	-	-	-	605,505	-	605,505	(385)	605,120
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(45,894)	(45,894)	678	(45,216)
Total comprehensive income for the year	-	-	-	-	-	605,505	(45,894)	559,611	293	559,904
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	(10,788)	(10,788)
Placing of new shares	44	1,586,331	-	-	-	-	-	1,586,375	-	1,586,375
Share issue expenses	-	(13,607)	-	-	-	-	-	(13,607)	-	(13,607)
Issue of shares upon the exercise of share options										
- 2018 Pre-IPO Share Option Scheme	5	89,810	-	-	(25,178)	-	-	64,637	-	64,637
Transfer from retained profits	-	-	-	130,597	-	(130,597)	-	-	-	-
Liquidation of a subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	(177)	(177)
Final 2020 dividend declared	-	(65,934)	-	-	-	-	-	(65,934)	-	(65,934)
At 31 August 2021 and 1 September 2021	542	5,218,954	598,468	495,863	93,291	1,453,079	(45,894)	7,814,303	(7,476)	7,806,827
Profit for the year	-	-	-	-	-	444,641	-	444,641	1,268	445,909
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(14,550)	(14,550)	160	(14,390)
Total comprehensive income for the year	-	-	-	-	-	444,641	(14,550)	430,091	1,428	431,519
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	891	891
Equity-settled share option - 2022 Share Option Scheme	-	-	-	-	26,890	-	-	26,890	-	26,890
Issue of shares upon the exercise of share options										
- 2018 Pre-IPO Share Option Scheme	3	57,017	-	-	(16,391)	-	-	40,629	-	40,629
Transfer from retained profits	-	-	-	86,842	-	(86,842)	-	-	-	-
Final 2021 dividend declared	-	(258,931)	-	-	-	-	-	(258,931)	-	(258,931)
At 31 August 2022	<u>545</u>	<u>5,017,040</u>	<u>598,468</u>	<u>582,705</u>	<u>103,790</u>	<u>1,810,878</u>	<u>(60,444)</u>	<u>8,052,982</u>	<u>(5,157)</u>	<u>8,047,825</u>

\* These reserve accounts comprise the consolidated reserves of RMB8,052,437,000 in the consolidated statement of financial position as at 31 August 2022 (2021: RMB7,813,761,000).

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>589,447</b>	672,466
Adjustments for:			
Depreciation of items of property, plant and equipment		<b>376,010</b>	255,842
Depreciation of right-of-use assets		<b>74,034</b>	66,519
Depreciation of land held for property development	5	<b>7,672</b>	2,430
Amortisation of contract cost assets		<b>9,779</b>	4,937
Amortisation of other intangible assets		<b>31,283</b>	17,043
Deferred income released to profit or loss		<b>(40,368)</b>	(18,299)
Interest income	4	<b>(65,675)</b>	(97,875)
Finance costs		<b>298,433</b>	298,417
Losses on disposal of items of property, plant and equipment, net	4, 5	<b>462</b>	4,507
Gain on bargain purchase		<b>(3,197)</b>	–
Gain on disposal of a subsidiary		<b>(41,963)</b>	–
Losses on disposal of items of intangible assets	5	<b>–</b>	1,969
Equity-settled share option expense		<b>26,890</b>	–
Share of (profits)/losses of joint ventures		<b>(31,523)</b>	242,070
Share of loss of an associate		<b>18,927</b>	11,163
Fair value (gains)/losses, net:			
Financial assets through profit or loss	4	<b>–</b>	(2,675)
Derivative instruments – transactions not qualifying as hedges		<b>(2,817)</b>	2,817
Convertible bonds		<b>(37)</b>	(375,954)
Derecognition of cooperation arrangements assets due to conversion of independent colleges into private universities		<b>–</b>	77,183
Gain on debt concession	4	<b>–</b>	(2,000)
Reversal of impairment losses	4	<b>–</b>	(179,901)

**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)*For the year ended 31 August 2022*

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(continued)		
Fair value gain on a previously held equity interest at the date of business combination	–	(212,199)
Impairment loss of non-current assets	–	4,063
Gains on lease modification	<b>(154)</b>	(214)
Covid-19-related rent concession from a lessor	–	(1,927)
Foreign exchange gains/(losses), net	<b>121,030</b>	(18,931)
	<b>1,368,233</b>	751,451
Decrease/(increase) in prepayments, deposits and other receivables	<b>22,447</b>	(151,464)
Decrease/(increase) in trade receivables	<b>308</b>	(57,814)
Increase in contract cost assets	<b>(21,886)</b>	(2,277)
Decrease in amounts due from related parties	<b>53,665</b>	21,122
Increase in contract liabilities	<b>20,665</b>	864,847
Increase in trade payables	<b>1,600</b>	9,926
Increase in amounts due to related parties	<b>8,390</b>	1,550
Increase in other payables and accruals	<b>46,734</b>	500,308
Receipt of government grants related to expense items	<b>14,284</b>	10,965
	<b>1,514,440</b>	1,948,614
Cash generated from operations	<b>1,514,440</b>	1,948,614
Bank interest received	<b>14,150</b>	19,737
Income tax paid	<b>(119,096)</b>	(57,442)
	<b>1,409,494</b>	1,910,909
Net cash flows from operating activities	<b>1,409,494</b>	1,910,909

**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)*For the year ended 31 August 2022*

	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(1,739,432)</b>	(1,366,342)
Prepaid land lease payments	<b>(625,086)</b>	(471,900)
Repayment of prepaid land lease payment	<b>43,396</b>	–
Additions to other intangible assets	<b>(14,016)</b>	(15,126)
Equity investments:		
Acquisition of subsidiaries	<b>(147,428)</b>	(997,116)
Loans to acquirees before the acquisition	<b>(40,000)</b>	(114,000)
Payments for acquisitions of subsidiaries in prior years	<b>(106,729)</b>	–
Prepayments for acquisitions of equity interests	<b>(50,511)</b>	(412,955)
Capital injection to a joint venture	–	(150,000)
Acquisition of a subsidiary that is not a business	–	(499,997)
Investment in an associate	–	(392,500)
Disposal of a subsidiary	<b>(39,422)</b>	–
Decrease/(increase) in amounts due from related parties:		
Receipts of disposal of subsidiaries	<b>1,000</b>	–
Loans provided to a joint venture	<b>(79,751)</b>	(23,000)
Loans repaid by joint ventures	<b>88,445</b>	181,000
Loans provided to a related party	<b>(181,587)</b>	–
Interest income received from a joint venture	<b>765</b>	22,586
Loans to an independent third party	<b>(45,000)</b>	–
Loans repaid by third parties	<b>3,001</b>	191,000
Interest income received from an independent third party	<b>564</b>	150
Receipt of government grants for property, plant and equipment	<b>58,331</b>	280,882
Decrease in time deposits with original maturity of over three months	<b>12,000</b>	–
Decrease in financial assets at fair value through profit or loss, net	–	5,000
Proceeds from disposal of financial assets at fair value through profit or loss	–	2,675
Proceeds from disposal of items of property, plant and equipment	<b>716</b>	2,515
Proceeds from disposal of items of intangible assets	–	1,702
Decrease in pledged and restricted deposits	<b>8,228</b>	45,518

**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)  
*For the year ended 31 August 2022*

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Net cash flows used in investing activities</b>	<b><u>(2,852,516)</u></b>	<u>(3,709,908)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank and other borrowings	<b>2,784,640</b>	1,836,485
Repayment of bank and other borrowings	<b>(2,372,666)</b>	(2,200,269)
Interest paid	<b>(194,554)</b>	(239,763)
Payment for acquisition of a non-controlling interest in the prior year	–	(8,000)
Dividends paid	<b>(258,931)</b>	(65,934)
Dividends paid to a former shareholder of subsidiaries	<b>(8,441)</b>	–
Principal portion of lease payments	<b>(18,451)</b>	(25,967)
Interest portion of lease liabilities	<b>(9,508)</b>	(11,317)
Proceeds from placing of new shares	–	1,586,375
Share issue expenses	–	(13,607)
Issue expenses of convertible bonds	–	(28,770)
Proceeds from issue of convertible bonds	–	2,259,775
Proceeds from issue of shares from exercise of share options	<b>40,629</b>	64,637
Syndicated loan arrangement fees paid	–	(31,248)
Loans from a related party	<b>463,093</b>	390,307
Repayment of loans from a related party	<b>(389,982)</b>	(216,245)
Security deposits paid for other borrowings	<b>(21,150)</b>	–
Repurchase of convertible bonds	<b>(140,698)</b>	–
Capital contribution by non-controlling shareholders	<b>891</b>	–
Repayment of other loans recorded in other payables	<b>(43,922)</b>	(8,371)
<b>Net cash flows from/(used in) financing activities</b>	<b><u>(169,050)</u></b>	<u>3,288,088</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)*For the year ended 31 August 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(1,612,072)</b>	1,489,089
Cash and cash equivalents at beginning of year		<b>4,345,287</b>	2,894,437
Effect of foreign exchange rate changes, net		<b>(7,951)</b>	(38,239)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>2,725,264</u></b>	<b><u>4,345,287</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>			
Cash and cash equivalents as stated in the consolidated statement of financial position	<i>12</i>	<b>2,725,264</b>	4,357,287
Less: Non-pledged time deposits with original maturity of over three months	<i>12</i>	<b>—</b>	(12,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		<b><u>2,725,264</u></b>	<b><u>4,345,287</u></b>

## NOTES TO FINANCIAL STATEMENTS

As at 31 August 2022

### 1. BASIS OF PREPARATION

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

#### Going concern

As at 31 August 2022, the Group recorded net current liabilities of approximately RMB3,277,445,000. Included therein, the Group recorded the current portion of contract liabilities and deferred income of RMB1,678,466,000 and RMB75,393,000, respectively.

In view of the net current liability position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the cash inflow from operations, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. To mitigate any liquidity issues that might be faced by the Group, the Group has obtained adequate banking facilities from reputable financial institutions to meet its obligations as and when they fall due.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

### 2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 *Interest Rate Benchmark Reform – Phase 2* for the first time for the year’s financial statements.

The adoption of the above amendments has had no significant financial effect on the preparation of the Group’s financial statements.

### 3. OPERATING SEGMENT INFORMATION

For the year ended 31 August 2022

	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
Revenue from external customers	<u>2,695,783</u>	<u>345,154</u>	<u>–</u>	<u>3,040,937</u>
<b>Segment results</b>	915,983	68,040	(10,146)	973,877
<i>Reconciliation:</i>				
Interest income				65,675
Foreign exchange differences, net				(133,958)
Fair value change from convertible bonds				37
Non-lease-related finance costs				(288,925)
Unallocated corporate expenses				<u>(27,259)</u>
Profit before tax				<u>589,447</u>
<b>Segment assets</b>	17,248,514	1,322,986	708,055	19,279,555
<i>Reconciliation:</i>				
Pledged and restricted deposits				308,250
Cash and cash equivalents				<u>2,725,264</u>
Total assets				<u>22,313,069</u>
<b>Segment liabilities</b>	7,434,705	351,005	82,538	7,868,248
<i>Reconciliation:</i>				
Interest-bearing bank and other borrowings				4,123,659
Amount due to related parties				401,423
Convertible bonds				<u>1,871,914</u>
Total liabilities				<u>14,265,244</u>



**For the year ended 31 August 2021**

	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
Revenue from external customers	<u>2,007,645</u>	<u>315,391</u>	<u>–</u>	<u>2,323,036</u>
<b>Segment results</b>	506,028	26,981	(5,164)	527,845
<b><u>Reconciliation:</u></b>				
Interest income				97,875
Foreign exchange differences, net				19,401
Fair value change on convertible bonds				375,954
Fair value gains on financial assets at fair value through profit or loss				2,675
Non-lease-related finance costs				(287,100)
Unallocated corporate expenses				<u>(64,184)</u>
Profit before tax				<u>672,466</u>
<b>Segment assets</b>	13,567,796	1,126,159	360,763	15,054,718
<b><u>Reconciliation:</u></b>				
Pledged and restricted deposits				457,117
Cash and cash equivalents				<u>4,357,287</u>
Total assets				<u>19,869,122</u>
<b>Segment liabilities</b>	6,514,424	359,237	2,521	6,876,182
<b><u>Reconciliation:</u></b>				
Interest-bearing bank and other borrowings				3,110,502
Amount due to a related party				179,905
Convertible bonds				1,892,889
Derivative financial instruments				<u>2,817</u>
Total liabilities				<u>12,062,295</u>

#### 4. REVENUE, OTHER INCOME AND GAINS

##### Revenue

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers	3,040,937	2,323,036
Revenue from other resources		
<i>Rental of hostels and facilities</i>	<u>1,757</u>	<u>1,236</u>
	<u><u>3,042,694</u></u>	<u><u>2,324,272</u></u>

(a) *Disaggregated revenue information for revenue from contracts with customers*

For the year ended 31 August 2022

Segments	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Tuition fees	2,226,475	323,944	2,550,419
Boarding fees	219,978	1,638	221,616
Sales of books and daily necessities	54,289	–	54,289
Others	<u>195,041</u>	<u>19,572</u>	<u>214,613</u>
Total revenue from contracts with customers	<u><u>2,695,783</u></u>	<u><u>345,154</u></u>	<u><u>3,040,937</u></u>
<b>Timing of revenue recognition</b>			
Services transferred over time	2,641,494	345,154	2,986,648
Goods transferred at a point in time	<u>54,289</u>	<u>–</u>	<u>54,289</u>
Total revenue from contracts with customers	<u><u>2,695,783</u></u>	<u><u>345,154</u></u>	<u><u>3,040,937</u></u>

**For the year ended 31 August 2021**

<b>Segments</b>	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Tuition fees	1,624,858	306,985	1,931,843
Boarding fees	157,061	–	157,061
Sales of books and daily necessities	73,570	–	73,570
Others	152,156	8,406	160,562
	<u>2,007,645</u>	<u>315,391</u>	<u>2,323,036</u>
<b>Timing of revenue recognition</b>			
Services transferred over time	1,934,075	315,391	2,249,466
Goods transferred at a point in time	73,570	–	73,570
	<u>2,007,645</u>	<u>315,391</u>	<u>2,323,036</u>

**(b) Performance obligations**

Changes in contract liabilities during the year are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount at beginning of year	<b>1,486,924</b>	403,620
Additions from acquisition of subsidiaries	<b>176,024</b>	224,395
Revenue recognised that was included in the contract liabilities at beginning of year	<b>(1,458,968)</b>	(391,843)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	<b>(175,945)</b>	(217,854)
Increase due to cash received, excluding amounts recognised as revenue during the year	<b>1,653,648</b>	1,474,544
Exchange realignment	<b>(1,268)</b>	(5,938)
	<u><b>1,680,415</b></u>	<u>1,486,924</u>
Amounts expected to be recognised as revenue:		
Within one year	<b>1,678,466</b>	1,485,362
After one year	<b>1,949</b>	1,562
	<u><b>1,680,415</b></u>	<u>1,486,924</u>

## Other income and gains

An analysis of other income and gains is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	22,283	27,117
Interest income from loans to related parties	754	12,038
Interest income from loans to independent third parties	<u>42,638</u>	<u>58,720</u>
Total interest income	65,675	97,875
Deferred income released to profit or loss:		
– related to assets	30,974	11,553
– related to expenses	9,394	6,746
Government grants received	14,254	7,890
Rental income	10,348	13,699
Service income	66,772	88,878
Fair value gain on a previously held equity interest at the date of business combination	–	212,199
Reversal of impairment losses	–	179,901
Others	<u>38,411</u>	<u>22,049</u>
	<u>235,828</u>	<u>640,790</u>
<b>Gains</b>		
Gains on disposal of items of property, plant and equipment	500	1,447
Gains on lease modification	154	214
Fair value gains on financial assets at fair value through profit or loss, net	–	2,675
Gains on debt concession	–	2,000
Gain on disposal of a subsidiary	41,963	–
Gain on a bargain purchase	3,197	–
Gain on exchange differences, net	<u>–</u>	<u>19,401</u>
	<u>45,814</u>	<u>25,737</u>
Total other income and gains	281,642	666,527
Fair value gains on convertible bonds	<u>37</u>	<u>375,954</u>

## 5. PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of services provided	<u>1,647,554</u>	<u>1,148,304</u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	948,070	674,337
Equity-settled share option expense	26,890	–
Pension scheme contributions (defined contribution schemes)	<u>179,172</u>	<u>93,848</u>
	<u>1,154,132</u>	<u>768,185</u>
Management fees	168,865	185,405
Fees for conversion of an independent college into a full private university	–	412,300
Derecognition of other intangible assets	–	77,183
Depreciation of property, plant and equipment	376,010	255,842
Depreciation of right-of-use assets	74,034	66,519
Depreciation of land held for property development	7,672	2,430
Amortisation of other intangible assets	31,283	17,043
Gain on disposal of a subsidiary	(41,963)	–
Gain on a bargain purchase	(3,197)	–
Lease payments not included in the measurement of lease liabilities	18,007	4,361
Foreign exchange differences, net	13,545	(28,469)
Auditors' remuneration	7,850	8,850
Fair value (gain)/loss on derivative instruments		
– transactions not qualifying as hedges	(2,817)	2,817
Losses on disposal of items of intangible assets	–	1,969
Losses on disposal of items of property, plant and equipment	962	5,954
Impairment loss of property, plant and equipment	–	3,953
Gain on lease modification, net	(154)	–
Impairment loss of right-of-use assets	<u>–</u>	<u>110</u>

## 6. INCOME TAX

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year.

The major components of income tax expense of the Group are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – Mainland China		
Corporate income tax for the year	119,415	66,298
Underprovision/(overprovision) in prior years, net	5,408	(884)
Current – Malaysia		
Corporate income tax for the year	14,204	11,258
Underprovision/(overprovision) in prior years, net	(629)	67
Deferred	5,140	(9,393)
Total tax charged for the year	<u>143,538</u>	<u>67,346</u>

## 7. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final – Nil (2021: HK4 cents) per ordinary share	<u>–</u>	<u>259,908</u>

At the meeting of the board of directors held on 30 November 2022, the Directors resolved not to pay dividend for the year ended 31 August 2022.

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

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	444,641	605,505
Add/(Less): Fair value gains and foreign exchanges on convertible bonds	<u>119,723</u>	<u>(375,954)</u>
Profit attributable to ordinary equity holders of the Company, before fair value gains and foreign exchanges on convertible bonds used in the diluted earnings per share calculation	<u>564,364*</u>	<u>229,551</u>

	Number of shares	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares used in the basic earnings per share calculation	<b>8,017,046,404</b>	7,610,738,110
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>17,450,381</b>	134,596,655
Convertible bonds	<b>634,545,925</b>	272,275,741
	<hr/>	<hr/>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<b><u>8,669,042,710*</u></b>	<b><u>8,017,610,506</u></b>

\* Because the diluted earnings per share amount is increased when taking convertible bonds and the share option scheme adopted on 11 May 2022 into account, they had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the year of RMB444,641,000, and the weighted average number of ordinary shares of 8,034,496,785 in issue during the year.

## 9. GOODWILL

The carrying amounts of goodwill as at 31 August 2022 and 2021 are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Cost and net carrying amount at beginning of year	<b>1,296,672</b>	590,456
Acquisition of subsidiaries	<b>736,070</b>	715,881
Exchange realignment	<b>(1,476)</b>	(9,665)
	<hr/>	<hr/>
Cost and net carrying amount at end of year	<b><u>2,031,266</u></b>	<b><u>1,296,672</u></b>

Following the completion of the review on fair value during the year, the Group made a retrospective adjustment of RMB25,132,000 to the provisional “Accruals and other payables” originally recorded during the year ended 31 August 2021 arising from the acquisition of Pioneer College. The adjustment resulted in a restatement to the “Accruals and other payables – rental payable” and goodwill in the consolidated statement of financial position.

## 10. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Tuition and boarding fee receivables	<b><u>127,124</u></b>	<b><u>126,106</u></b>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	43,074	38,250
1 to 2 months	1,123	1,322
2 to 3 months	10,734	9,284
Over 3 months	72,193	77,250
	<u>127,124</u>	<u>126,106</u>

#### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current portion:</b>		
Loans to third parties	528,550	576,551
Interest receivables from third parties	180,110	138,701
Cash in transit	49,134	84,621
Prepayments for management fees	1,531	1,531
Prepaid expenses	42,051	29,451
Deposits	32,390	28,031
Staff advances	12,367	6,112
Interest receivable from time deposits	21,722	13,038
Amounts due from the local finance department	85,513	96,631
Amounts due from a historical related party	181,587	–
Loans to the government	8,455	–
Bills receivable	10,000	–
Other receivables	62,447	41,411
	<u>1,215,857</u>	<u>1,016,078</u>
<b>Non-current portion:</b>		
Prepayments for property, plant and equipment	33,146	26,927
Prepayments for intangible assets	10	–
Prepayments for acquisitions	50,000	412,955
Prepayments for land lease payments	226,816	419,508
Loans to a third party	30,000	–
Security deposits for other borrowings	34,140	–
	<u>374,112</u>	<u>859,390</u>
	<u>1,589,969</u>	<u>1,875,468</u>



## 12. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cash and bank balances	2,773,514	4,534,404
Time deposits with original maturity of over three months	<u>260,000</u>	<u>280,000</u>
	3,033,514	4,814,404
Less:		
<i>Pledged deposits for:</i>		
Bank loans – current	(261,075)	(12,823)
Bank loans – non-current	–	(260,000)
Performance guarantee – current	–	(8,000)
<i>Restricted bank balances in escrow accounts</i>		
Current	–	(130,553)
Non-current	(36,193)	(36,083)
<i>Other restricted bank balances – current</i>	<u>(10,982)</u>	<u>(9,658)</u>
Total pledged and restricted deposits	<u>(308,250)</u>	<u>(457,117)</u>
Cash and cash equivalents	<u><u>2,725,264</u></u>	<u><u>4,357,287</u></u>

## 13. TRADE PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	10,137	28,756
1 to 2 months	2,097	6,260
2 to 3 months	1,488	1,788
Over 3 months	<u>44,857</u>	<u>20,905</u>
	<u><u>58,579</u></u>	<u><u>57,709</u></u>

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

#### 14. OTHER PAYABLES AND ACCRUALS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
<b>Current portion:</b>		
Payables for purchase of property, plant and equipment	853,337	911,724
Payables for the acquisition of equity interests	631,953	686,629
Miscellaneous advances received from students	197,553	170,780
Accrued bonuses and other employee benefits	188,237	119,357
Government scholarship	142,363	96,385
Payables for purchase of teaching materials and operating expenditure	25,610	27,754
Payables for management fees	45,580	54,380
Rental payable	96,665	48,441
Deposits	68,386	70,256
Other taxes payable	123,508	113,961
Other payables and accrued expenses	308,239	232,201
Loans from third parties	92,003	–
Construction loan from the Mianzhu Education Bureau	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	106,330	76,698
Payables for government grant related to assets	–	130,000
Payable for land lease payments	105,210	–
	<u>3,060,806</u>	<u>2,814,398</u>
<b>Non-current portion:</b>		
Payables for conversion of certain independent colleges into fully private colleges	559,813	609,288
Liability of a put option granted to a shareholder	313,098	–
Other payables	12,220	10,164
	<u>885,131</u>	<u>619,452</u>
	<u><u>3,945,937</u></u>	<u><u>3,433,850</u></u>

## 15. BUSINESS COMBINATIONS

The fair values of the identifiable assets and liabilities of each acquisition as at the respective dates of the acquisitions are as follows:

	<b>Shinawatra University Group</b>	<b>Shaanxi University</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	193,262	645,428	838,690
Right-of-use assets	–	220,257	220,257
Other intangible assets	–	476,319	476,319
Cash and bank balances	33,754	391	34,145
Pledged and restricted deposits	–	1,660	1,660
Trade receivables	1,655	–	1,655
Prepayments and other receivables	392	46,817	47,209
Due from a related party	–	47,827	47,827
Contract liabilities	(4,177)	(171,847)	(176,024)
Accruals and other payables	(5,931)	(347,934)	(353,865)
Due to the Group	(11,922)	(143,250)	(155,172)
Bank loans and other borrowings	–	(585,251)	(585,251)
Due to a related party	–	(26,028)	(26,028)
Trade payables	(700)	–	(700)
Tax payables	–	(10,808)	(10,808)
Lease liabilities	–	(6,969)	(6,969)
Deferred income	–	(88,811)	(88,811)
	<hr/>	<hr/>	<hr/>
Total identifiable net assets at fair value	<u>206,333</u>	<u>57,801</u>	<u>264,134</u>

### Goodwill arising from the above acquisitions:

	<b>Shinawatra University Group</b>	<b>Shaanxi University</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration satisfied by:			
Cash	181,573	–	181,573
Prepayments in the prior year	22,955	350,000	372,955
Exchange realignment	(1,392)	–	(1,392)
Due to a related party	–	100,000	100,000
Other payable	–	343,871	343,871
	<hr/>	<hr/>	<hr/>
Total consideration	203,136	793,871	997,007
Less: Net assets acquired	<u>206,333</u>	<u>57,801</u>	<u>264,134</u>
	<hr/>	<hr/>	<hr/>
Gain on bargain purchase	(3,197)	–	(3,197)
Provisional goodwill	<u>–</u>	<u>736,070</u>	<u>736,070</u>

## DEFINITIONS

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

“Automotive College”	Sichuan Hope Automotive Vocational College* (四川希望汽車職業學院)
“Automotive Technician College”	Sichuan Hope Automotive Technician College* (四川希望汽車技師學院)
“Board” or “Board of Directors”	The Board of Directors of the Company
“China” or “PRC”	The People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“College of Culture & Communication”	Sichuan Vocational College of Culture & Communication* (四川文化傳媒職業學院)
“College of Science and Technology”	Guizhou Qiannan College of Science and Technology* (貴州黔南科技學院)
“Company” or “our Company”	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
“Corporate Governance Code”	The code on corporate governance set out in Appendix 14 to the Listing Rules
“Director(s)”	The director(s) of the Company
“Gansu College”	Baiyin Hope Vocational and Technical College* (白銀希望職業技術學院)
“Gongqing College”	Gongqing College of Nanchang University (南昌大學共青學院)
“Group”, “our Group”, “We” or “us”	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Group became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Guizhou Institute of Technology”	Guizhou Vocational Institute of Technology* (貴州應用技術職業學院)
“Guizhou Qiannan Economic College”	College of Guizhou Qiannan Economics* (貴州黔南經濟學院)
“HK\$” or “Hong Kong Dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong” or “HK”	The Hong Kong Special Administrative Region of the PRC
“Hope College”	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
“Hope Education”	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
“IFRS”	The International Financial Reporting Standard(s)
“Jinci College”	Jinci College of Shanxi Medical University (山西醫科大學晉祠學院)
“Jinken College”	Jinken College of Technology (金肯職業技術學院)
“Listing”	The listing of the Company’s Shares on the Main Board
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	The stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	The Model Code for securities transactions by Directors of listed issuers set out in Appendix 10 to the Listing Rules
“MOE”	Ministry of Education of the PRC
“Reporting Period”	The year ended 31 August 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“Shaanxi University”	Xi’an Siyuan University* (西安思源學院)
“Share(s)”	Ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the Share(s)

“Shinawatra University Group”	Faith Star (Thailand) Company Limited and its subsidiary Shinawatra University
“Sichuan TOP Institute”	Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院)
“State”	The central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	Has the meaning ascribed to it under the Listing Rules
“Tianyi College”	Sichuan Tianyi College* (四川天一學院)
“U.S.” or “United States”	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Dollar(s)”, “US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“%”	Percent

By order of the Board  
**Hope Education Group Co., Ltd.**  
*Chairman of the Board*  
**He Shengli**

Hong Kong, 30 November 2022

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