Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1593

ANNUAL REPORT
2022

CONTENTS

DEFINITIONS

"2023 AGM"	the annual general meeting of the Company scheduled to be held on 30 January 2023
"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員關於修改＜中華人民共和國民辦教育促進法＞的決定》) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 1 September 2017
"Articles of Association"	the amended and restated articles of association of the Company conditionally adopted on 18 November 2019 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time)
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors of the Company
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"Chairman"	the Chairman of the Board
"Chen Lin Education Science"	Chen Lin Education Science (Jiangxi) Co., Ltd. (辰林教育科技(江西)有限責任公司), a wholly-foreign owned enterprise incorporated under the laws of the PRC with limited liability on 5 September 2018 and indirect wholly-owned by the Company
"Chen Lin Elite Holdings"	Chen Lin Elite Holdings Limited, a company incorporated under the laws of the BVI on 5 July 2018 and wholly-owned by Huangyulin Holdings
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)

DEFINITIONS

"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Nanchang Di Guan, Gan Zhou Chen Lin, JUAS, Ruicheng Education, Guizhou Xikai, Henan Kunren, Guizhou Institute, Yu Ren High School and Jishi College
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Gan Zhou Chen Lin"	Gan Zhou Chen Lin Education Investment Co., Ltd. (贛州辰林教育投資有限公司), a company established under the laws of the PRC with limited liability, one of the Consolidated Affiliated Entities
"Gao Kao"	also known as the National Higher Education Entrance Exam, an academic examination held annually in the PRC, and a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the Contractual Arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Institute"	Guizhou Institute of Industry and Trade (貴州工貿職業學院), a higher vocational college locates in Guizhou Province, PRC, established in May 2015, which offers vocational programs and junior college programs, and the sponsor of which is Guizhou Xikai, one of the Consolidated Affiliated Entities
"Guizhou Xikai"	Guizhou Xikai Education Investment Co., Ltd (貴州西凱教育投資有限公司), a company established under the laws of the PRC with limited liability, one of the Consolidated Affiliated Entities
"Henan Kunren"	Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司), a company established under the laws of the PRC with limited liability, one of the Consolidated Affiliated Entities
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

"Huangyulin Holdings"	Huangyulin Holdings Limited, a company incorporated under the laws of the BVI on 22 May 2018 and wholly-owned by Mr. Huang
"IFRSs"	the International Financial Reporting Standards
"Implementation Regulations"	the Regulations on the Implementation of the Law for promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) issued by the PRC State Council on 14 May 2021
"Independent Third Party"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技術學院), a full-time vocational college locates in Jiangxi Province, PRC, which offers vocational programs, established in November 2019, and the sponsor of which is Ruicheng Education, one of the Consolidated Affiliated Entities
"JUAS"	Jiangxi University of Applied Science (江西應用科技學院), a private university locates in Jiangxi Province, PRC which offers both undergraduate and junior college programs, established on 11 April 2002, and the sponsor of which is Nanchang Di Guan, one of the Consolidated Affiliated Entities
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 13 December 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"MOE Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) issued by the MOE on 20 April 2018 to seek public comments

DEFINITIONS

"Nanchang Di Guan"	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 17 September 2009, being the sponsor of JUAS, one of the Consolidated Affiliated Entities
"Prospectus"	the prospectus issued by the Company dated 27 November 2019
"Reporting Period"	the year ended 31 August 2022
"RMB"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme
"Ruicheng Education"	Nanchang Richeng Education Consultancy Co., Ltd. (南昌市瑞誠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 24 June 2020, being the sponsor of Jishi College, one of the Consolidated Affiliated Entities
"Schools"	JUAS, Jishi College, Guizhou Institute and Yu Ren High School, which are the four schools owned by our Group as at 31 August 2022
"senior management"	the senior management of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yu Ren High School"	Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學), a private high school locates in Henan Province, PRC, established in 2017, which offers high school program, and the sponsor of which is Henan Kunren, one of the Consolidated Affiliated Entities
"%"	per cent

CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yulin *(Chairman and chief executive officer)*
Mr. Yang Ruichen *(chief financial officer)*
Mr. Liu Chunbin *(vice president)*
Mr. Wang Li *(co-president)*
Ms. Gan Tian *(co-president)*
Mr. Wang Shenghua

Non-executive Director

Mr. Li Cunyi

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

AUDIT COMMITTEE

Mr. Sy Lai Yin, Sunny *(Chairman)*
Mr. Huang Juyun
Mr. Chen Wanlong
Mr. Wang Donglin

REMUNERATION COMMITTEE

Mr. Chen Wanlong *(Chairman)*
Mr. Huang Juyun
Mr. Sy Lai Yin, Sunny
Mr. Wang Li
Mr. Li Cunyi

NOMINATION COMMITTEE

Mr. Huang Juyun *(Chairman)*
Mr. Wang Donglin
Mr. Chen Wanlong
Mr. Li Cunyi
Ms. Gan Tian

COMPANY SECRETARY

Ms. Yu Anne *(appointed on 31 August 2022)*
Mr. Wong Yu Kit *(resigned on 31 August 2022)*

AUTHORISED REPRESENTATIVES

Mr. Huang Yulin
Ms. Yu Anne *(appointed on 31 August 2022)*
Mr. Wong Yu Kit *(resigned on 31 August 2022)*

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F.
Jardine House
One Connaught Place
Central, Hong Kong

STOCK CODE

1593

REGISTERED OFFICE IN THE CAYMAN ISLANDS

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

CORPORATE PROFILE

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 001, Xinjian Lianfu Dadao
Nanchang
Jiangxi
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANK

China Construction Bank, Jiangxi Branch
Xin Jian sub-branch
No. 280, Jiefang Road
Xin Jian District
Nanchang, Jiangxi
PRC

COMPANY'S WEBSITE

www.chenlin-edu.com

FINANCIAL PERFORMANCE HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 August	For the eight months ended 31 August	For the year ended 31 December		
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**514,956**	218,082	288,029	251,092	214,962
Cost of revenue	**(332,153)**	(134,364)	(100,387)	(79,905)	(61,659)
Gross profit	**182,803**	83,718	187,642	171,187	153,303
(Loss)/Profit and total comprehensive income for the period/year	**(37,985)**	(18,720)	77,459	83,570	83,234

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 August	As at 31 August	As at 31 December		
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**3,003,890**	2,280,585	1,473,612	897,179	802,664
Current assets	**371,568**	474,352	542,961	584,514	61,408
Total assets	**3,375,458**	2,754,937	2,016,573	1,481,693	864,072
Equity and liabilities					
Total equity	**811,079**	845,133	876,378	789,797	220,136
Non-current liabilities	**1,390,760**	1,360,761	554,451	356,136	377,917
Current liabilities	**1,173,619**	549,043	585,744	335,760	266,019
Total liabilities	**2,564,379**	1,909,804	1,140,195	691,896	643,936
Total equity and liabilities	**3,375,458**	2,754,937	2,016,573	1,481,693	864,072

Note: On 11 June 2021, the Board of Directors of the Group announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders and investors,

On behalf of the Board of Chen Lin Education Group Holdings Limited, I am pleased to present you our annual report for 2022 for the year ended 31 August 2022.

The year of 2022 is the first full financial year after the company changing its year-end date from 31st December to 31st August. During the challenging period of the coronavirus ("**COVID-19**") pandemic, with your support and the united efforts of our employees, the Company achieved incremental growth in revenue from its main business, with total revenue of approximately RMB514.96 million for the financial year 2022, representing an increase of approximately 136.13% as compared to the audited revenue for the eight-month period ended 31 August 2021, and an increase of approximately 35.49% as compared to the Pro Forma Period, among which the tuition fees revenue was approximately RMB465.49 million, an increase of approximately 49.29% as compared to the Pro Forma Period. In respect of the rapidly increasing student enrollment and the undergraduate teaching assessment in 2022, the Company has focused on development of its course arrangement and academic education, which in turn resulted in decrease in revenue from our education related services .

Upon completion of acquisitions of Jishi College, Guizhou Institute and Yu Ren High School , we have one undergraduate and junior college institution and one vocational institution in the Jiangxi Province; one junior college and vocational institution in Guizhou Province and one private high school in Henan Province, allowing us to share resources and achieve benefit from synergies and economies of scale. As of 31 August 2022, we had 29,049 enrolled students, representing an increase of 22.78% comparing to 31 August 2021. Because of the fair value loss on financial assets due to our investment in shares of Sinic Holdings (Group) Company Limited, increased finance costs due to the increase in amount of borrowings and increased selling expenses due to increased recruitment campaigns in Jishi College and Guizhou Institute we recorded loss for the year of RMB37.99 million, as compared with profit for the year of approximately RMB62.81 million for the Pro Forma Period, representing a decrease of approximately 160.48%.

In the current school year, JUAS, Guizhou Institute, and Jishi College are under construction for expanding their capacity. Currently, JUAS has almost completed the second phase construction of the campuses, and approximately 170,000 square meters are ready for use, which can accommodate about 26,000 students. The new campus area of Jishi College occupies a total area over approximately 200,332 square meters which is under planning and can accommodate about 10,000 students. The construction of the new campus area of Jishi College was commenced in the end of 2021 and has been partially completed and ready for use. Guizhou Institution occupies a total area of 466,200 square meters and has constructed approximately 33,500 square meters new property, which can accommodate about 12,000 students. Yu Ren High School occupies a total area of 87,912 square meters and can accommodate about 4,800 students.

CHAIRMAN'S STATEMENT

As at 31st August 2022, our Schools received national and provincial/municipal awards for teaching achievements, including the first-class grading in the National Math Ability Challenge Competition Final (第三屆全國高等院校數學能力挑戰賽決賽一等獎), first-class grading in the "Datang Cup" National College 5G Technology Competition (Province Final) ("大唐杯" 全國大學生移動通信5G技術大賽省賽大學組一等獎) and first-class grading in the "Lanqiao Cup" National Software and Information Technology Professional Competition (Software) (Province Division) (第十三屆藍橋杯全國軟件和信息技術專業人才大賽(軟件類)江西賽區大學組一等獎等), the JUAS Museum of Natural History was awarded as a "National Science Popularization Education base of year 2021–2025". Our Schools' philosophy of education is to nurture students to possess skills and take responsibilities. We are committed to continue to fulfil our educational mission and social responsibilities by providing higher education, high school education and vocational education services to more enterprises and local economies; and nurturing practical, determined and outstanding individual talents to inject impetus to the development of our nation. In order to reward our Shareholder's trust with better performance and return, we will continue to improve the quality of our teaching and provide internal organic growth to maintain the steady growth of our enrolment numbers..

Finally, on behalf of the Board, I would like to express my sincere gratitude to other Directors, the management team and all employees of the Group for their efforts and contributions during the financial year 2022. I would also like to express my appreciation to all Shareholders and business partners for their continuous support.

Huang Yulin
Chairman

Nanchang, the PRC
9 December 2022

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The brief profiles of our current Directors and senior management are as below:

DIRECTORS

The Board currently comprises 11 Directors, of which six are executive Directors, one is non-executive Director and four are independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of Appointment as Director
Executive Directors			
Mr. Huang Yulin	61	Chairman, executive Director and chief executive officer (the "**CEO**")	25 May 2018
Mr. Wang Li	40	Executive Director and co-president	21 September 2018
Ms. Gan Tian	38	Executive Director and co-president	21 September 2018
Mr. Yang Ruichen	37	Executive Director and chief financial officer (the "**CFO**")	7 July 2021
Mr. Liu Chunbin	46	Executive Director and vice president	7 July 2021
Mr. Wang Shenghua	66	Executive Director and vice president	7 July 2021
Non Executive Director			
Mr. Li Cunyi	76	Non-executive Director	7 July 2021
Independent non-executive Directors			
Mr. Sy Lai Yin, Sunny	42	Independent non-executive Director	7 July 2021
Mr. Chen Wanlong	59	Independent non-executive Director	18 November 2019
Mr. Huang Juyun	59	Independent non-executive Director	18 November 2019
Mr. Wang Donglin	68	Independent non-executive Director	18 November 2019

Executive Directors

Mr. Huang Yulin (黃玉林), aged 61, is our executive Director, the Chairman and CEO. Mr. Huang is responsible for the overall management, strategic planning and decision-making of our Group. Mr. Huang is also the chairman of the board of directors of JUAS. Mr. Huang is the father-in-law of Mr. Wang Li.

Mr. Huang has over 20 years of experience in the education industry. Prior to joining our Group, Mr. Huang worked at the Ganzhou Department of Personnel and Labour Bureau (贛州行署勞動人事局) and acted as the legal representative and the chairman of Jiangxi Science and Engineering Specialist College (江西理工專修學院). Mr. Huang has been acting as the chairman of the board of directors of JUAS since 2002, where he has been in charge of the overall management of JUAS. Mr. Huang acted as the CEO from September 2018 to August 2019 and since 30 October 2020.

Mr. Huang received his college diploma in government management and politics from Jiangxi Open University (江西廣播電視大學).

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Ruichen (楊睿宸), aged 37, joined the Company in October 2020 and has served as the CFO since May 2021. Prior to that, he served as the vice president of the Company. Mr. Yang has over 14 years of experience in financial management, investment management and asset management. He served as managing director of Pine Special Opportunities FMC LLC (松樹特殊機會基金管理公司)* from April 2018 to September 2020. From March 2017 to March 2018, he was the head of the Equity Investment of the Investment and Investment Banking Department of China Great Wall Asset Management Co., Ltd (中國長城資產管理股份有限公司). From July 2009 to February 2017, he held various positions at China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), including head of the finance department of the subsidiary, senior deputy manager and manager of the business review department at headquarters, deputy manager of risk management department and deputy manager of the second reorganization office. From July 2008 to June 2009, he was a consultant to CCID Consulting Co., Ltd. (賽迪顧問股份有限公司). Mr. Yang received his bachelor degree in business administration from Hebei GEO University (河北地質大學) in 2005. He received his master degree in applied economics from Renmin University of China (中國人民大學) in 2008. He also had a master's degree in professional accounting from the Hong Kong Polytechnic University (香港理工大學) in 2020. He was awarded a master of business administration (global online MBA program) by Imperial College London in 2022. Mr. Yang is certified as a Financial Risk Manager. He is a fellow member of the Chartered Institution of Management Accountants and a fellow member of the Association of International Accountants and a member of the CPA Australia.

Mr. Liu Chunbin (劉春斌), aged 46, is our vice president. Mr. Liu is primarily responsible for overseeing our overall educational services as the principal's assistant and the head of academic affairs office of JUAS. Mr. Liu joined our Group in April 2002. He has served as the principal's assistant since March 2015 and the head of academic affairs office of JUAS from March 2015 to April 2019. Mr. Liu received his college's diploma in the public relations and secretarial major from Jiangxi Normal University (江西師範大學) in December 1998, a graduation certificate for self-taught higher education examinations (高等教育自學考試) in the secretarial major in June 2005 and his master's degree in engineering from Nanchang University (南昌大學) in January 2018.

Mr. Wang Shenghua (王勝華), aged 66, currently serves as the principal, deputy secretary of the Party Committee and director of the board of JUAS. With more than 40 years of experiences in teaching and management of colleges and universities, Mr. Wang holds a doctor degree. He is also a Level-2 professor and a master degree candidate's supervisor. He also worked as the deputy dean and deputy secretary of the Party Committee of Shangrao Normal College (上饒師範學院). He has been engaged in teaching and management in colleges and universities for more than 40 years. Mr. Wang was promoted to professor in May 1996 and was one of the first batch of grade II professors appointed by Jiangxi Provincial Government in 2011. He has been the leader of young and middle-aged subjects in colleges and universities of Jiangxi Province. Mr. Wang won the first "Famous Teacher" Award of Jiangxi Province in 2003 and won the second prize of Teaching Achievement Award of Jiangxi Province (ranking first). He has been entitled to have the special allowance of the State Council since 1993.

In the field of research, Mr. Wang has published two textbooks, and more than 100 papers in professional academic journals. Many of his achievement are included by SCI, EI and etc. Mr. Wang has given lectures in important international academic conferences for many times. In addition, Mr. Wang presided two projects of National Nature Science Foundation of China and 16 projects of National Nature Science Foundation of Jiangxi Province. He led the establishment of National Specialty (mathematics & applied mathematics) of Ministry of Education and Key Subjects (applied mathematics) in colleges and universities in Jiangxi Province. Mr. Wang helped the establishment of the first teaching team of mathematical analysis of colleges and universities in Jiangxi Province and the pilot program of the first comprehensive professional reform (mathematics and applied mathematics) in colleges and universities in Jiangxi Province.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Li (王立), aged 40, is our executive Director and the co-president of our Company. Mr. Wang is primarily responsible for providing strategic advice on corporate developments to our Group, making recommendations on major operational matters and making managerial decisions within our Group. Mr. Wang is also a director, the principal's assistant and the head of international academic communication center of JUAS. Mr. Wang Li is the son-in-law of Mr. Huang Yulin.

Mr. Wang has over 8 years of experience in the education industry. Mr. Wang has been acting as the principal's assistant/vice principal since April 2017 and the head of international academic communication center of JUAS since December 2017, as well as a director of JUAS since November 2016. Mr. Wang also served as the head of infrastructure and engineering department of JUAS from August 2014 to July 2019. Before joining our Group, from July 2004 to December 2008, Mr. Wang Li acted as the head of corporate planning department of Ganzhou Zhong Cheng Hao Jie Fang Industrial Co., Ltd. (贛州眾成好街坊實業有限公司), where he was responsible for brand promotion planning and corporate culture development. From July 2011 to September 2012, Mr. Wang served as the chief creative officer in Han Yuan Zhen Guo Planning and Design Co., Ltd. (漢元正果策劃設計有限公司), where his responsibilities include team management and creative strategic planning.

Mr. Wang received his bachelor's degree in fine arts from Gan Nan Normal University (贛南師範大學) (formerly known as Gan Nan Normal College (贛南師範學院)) in July 2004.

Ms. Gan Tian (干甜), aged 38, is our executive Director and the co-president of our Company. Ms. Gan is primarily responsible for providing strategic advice on corporate developments to our Group, making recommendations on major operational matters and making managerial decisions within our Group. Ms. Gan is also a director, the vice principal and the head of the international cooperation department of JUAS.

Ms. Gan has approximately 18 years of experience in the education industry. Ms. Gan served as the deputy head of the marketing and publicity department of JUAS from September 2004 to December 2004. From January 2005 to January 2011, Ms. Gan served as the head of student affairs office of JUAS, the head of art troupe of JUAS and the secretary of Youth League Committee of JUAS. Ms. Gan has been acting as the principal's assistant since January 2011, the head of the international cooperation department since April 2012, a director of JUAS since December 2015 and various other positions.

Ms. Gan received her master degree in business management from Jiangxi Normal University (江西師範大學) in June 2018, and her college diploma in business management from JUAS in July 2008.

Non-executive Director

Mr. Li Cunyi (李存益), aged 76, is our non-executive Director. Mr. Li is responsible for assisting in overall management, strategic planning and decision-making of our Group. Mr. Li has been the chairman of the board of supervisors of JUAS since March 2018. Mr. Li has extensive experience in the education industry. From November 2016 to January 2018, Mr. Li acted as the principal of JUAS, where his primary duties include overseeing the overall operation of JUAS. From January 2013 to November 2016, Mr. Li acted as the deputy principal of JUAS, where his duties included assisting the overall management, strategic planning and decision-making of JUAS. From November 2008 to December 2012, Mr. Li acted as a deputy dean of JUAS. Prior to joining our Group, from June 1985 to May 2007, Mr. Li was employed by Jiangxi Police College (江西公安專科學校) for various positions including professor and head of the academic affairs office. Mr. Li received his bachelor's degree in Chinese language and literature from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in August 1982.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny (施禮賢), aged 42, is our independent non-executive Director. Mr. Sy possesses over 15 years of experience in the financial industry and had experience in overseeing business development, finance services and merger and acquisition projects. He has over five years of experience in accounting and auditing with an international accountancy and professional services firm Ernst & Young. Mr. Sy has also been a director of Bradbury Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance ("**SFO**") (Chapter 571, the Laws of Hong Kong) since 2008. Mr. Sy is also currently an independent non-executive director of a listed company namely New Ray Medicine International Holding Limited (stock code: 6108).

Mr. Sy graduated from Washington University with a Bachelor's Degree of Science in Business Administration. He was awarded a degree of Master of Science in Business Administration by Washington University in December 2001.

Mr. Chen Wanlong (陳萬龍), aged 59, is our independent non-executive Director.

Mr. Chen has extensive experience in the education industry. From July 1986 to December 2000, Mr. Chen held various positions within Jiangxi University of Finance and Economics (江西財經大學) including the deputy head of taxation teaching and research office, head of taxation teaching and research office, deputy head of finance and economic faculty, deputy head of teaching office and head of teaching office. From December 2000 to August 2003, Mr. Chen worked as the deputy dean at Jiangxi Science and Technology Normal University (江西科技師範大學). From August 2003 to August 2006, Mr. Chen worked as the dean of Jiangxi Ganjiang Vocational Institution (江西贛江職業技術學院). Mr. Chen has been working as the dean of Jiangxi Institute of Fashion Technology (江西服裝學院) since August 2006.

Mr. Chen received his bachelor's degree in finance from Jiangxi University of Finance and Economics in July 1986, and his doctorate degree in industrial economics from the same university in January 2009.

Mr. Huang Juyun (黃居鋆), aged 59, is our independent non-executive Director.

Mr. Huang served as the deputy general manager of the Sunshine Life Insurance Co., Ltd. Jiangxi Branch (陽光人壽保險股份有限公司江西分公司) from July 2009 to November 2012 and served as its general manager since November 2012, where Mr. Huang has been in charge of formulating and monitoring sales targets, improving the internal control mechanisms and managing day-to-day business operations. Prior to that, Mr. Huang held various managerial positions within different branches of Taiping Life Insurance Co., Ltd. (太平人壽保險有限公司).

Mr. Huang received his bachelor's degree in Agricultural Management from Jiangxi Agricultural University (江西農業大學) in July 1991 and further received his doctorate degree in management studies from China University of Political Science and Law (中國政法大學) in June 2010.

Mr. Wang Donglin (王東林), aged 68, is our independent non-executive Director.

Mr. Wang has extensive experience in the education industry. From January 1982 to September 2000, Mr. Wang held various positions, including research assistant, lecturer, associate professor and professor, in Jiangxi Normal University (江西師範大學). From September 2000 to October 2008, Mr. Wang served as the head of the culture research center (文化研究所) of Jiangxi Normal University. Since October 2008, Mr. Wang has served in positions, including as a professor, the head of culture research center, and the head of Zheng Da research center (正大研究所) of Jiangxi Normal University. Mr. Wang has been acting as the advisor to Jiangxi People's Government since March 2017.

Mr. Wang received his bachelor's degree in History from Jiangxi Normal University (江西師範大學) in August 1982.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our Group also has the following senior management members to carry out our daily operation. Our senior management is responsible for the day-to-day management of our business. For biographical details of our CEO, Mr. Huang Yulin, our CFO, Mr. Yang Ruichen as well as our vice president namely Mr. Liu Chunbin and our co-presidents namely, Mr. Wang Li and Ms. Gan Tian, please refer to the paragraph headed "- Executive Directors" in this section.

Ms. Fang Xiaozhen (房小珍), aged 44, is our chief operating officer. Ms. Fang is primarily responsible for our Group's day-to-day operational management, formulating development strategies for our Group. Ms. Fang has been acting as the principal's assistant/vice principal of JUAS since March 2014. Prior to that, from April 2002 to February 2014, Ms. Fang held various positions in JUAS, including the deputy officer of the chairman's office, the supervisor of career services center, the director of new campus construction office and the director of assets management department.

Ms. Fang received her college diploma through higher education diploma exam (高等教育學歷文憑考試) in English from JUAS in September 2002. She further obtained her master's degree in tourism management from Jiangxi Science and Technology Normal University (江西科技師範大學) in December 2015.

Mr. Zhang Min (張敏), aged 48, is our vice president. Mr. Zhang is responsible for overseeing our education related services. Mr. Zhang is also the vice principal and a supervisor of JUAS.

Mr. Zhang joined our Group in March 1999 as the head of infrastructure and engineering department of JUAS and the principal's assistant. Mr. Zhang held various positions in JUAS from March 1999 to April 2018, including the director of JUAS, the head of infrastructure and engineering department, the head of JUAS's office, the head of assets management office and the head of career development office.

Mr. Zhang received his master's degree in tourism management from Jiangxi Science and Technology Normal University (江西科技師範大學) in December 2015.

Mr. Lu Dong (盧東), aged 52, is our general manager of administrative and legal department. Mr. Lu is responsible for the overall management of our Group's administrative affairs.

Mr. Lu joined our Group in September 2003. He held various positions in JUAS, including the vice president of the career development center (職培中心) (from September 2003 to September 2004), the vice president of the library (from September 2004 to October 2005), the assistant to the dean of the computer science college (from October 2005 to October 2006), the vice president of the science and technology division of the headquarters of new campus (新校區指揮部科技處) (from October 2006 to March 2009), the president of information department (from March 2009 to April 2009) and the president of infrastructure and equipment department (from April 2009 to January 2014). Mr. Lu has been acting as the principal of the chairman's office of JUAS since January 2014.

Mr. Lu completed his undergraduate course in education science (through self-learning) and graduated from Jiangxi Normal University (江西師範大學) in December 2009. Mr. Lu further completed his undergraduate course in computer science (through correspondence) and graduated from Nanchang Hang Kong University (南昌航空大學) in January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 31 August 2022, we operated four Schools, comprising (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a fulltime vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

We offer undergraduate college programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 31 August 2022, our Schools had 29,049 enrolled students, consisting of 8,802 undergraduate students, 13,722 junior college students, 5,114 vocational school students and 1,411 high school students. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.

Our mission is to cultivate innovative talents with practical skills and knowledge, and to provide talent support for the development of urbanization in China (為新型城鎮化建設與管理培養高層次、高技能、創新型和應用型人才). Our fundamental educational philosophy is to foster talents with "upright personality, comprehensive theoretical knowledge and practical skills (培養具有健全人格、複合專業與實踐能力的人才)" by implementing our "Three-element Talent Cultivation (三元育人)" mode. We aim to provide quality education services in a manner consistent with our mission and educational philosophy.

With a view of nurturing talents with practical skills, we are devoted to offering quality private education to our students and providing diversified programs and curriculums encompassing a broad range of market-oriented fields of study and career trainings, including, among others, international business, e-commerce, logistics management, internet-of-things, civil engineering, software engineering, mechanical manufacturing and automation, and robotics engineering. Based on our market research, we carefully design and regularly review and adjust our program and course offerings at our Schools. We believe our practical programs and curriculums equip our students with practical skills that meet the rapidly evolving market demand. We also cooperate with a number of sizable enterprises to provide our students with internship and potential employment opportunities. We have achieved favorable graduate employment outcome for our students.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Schools

As of 31 August 2022, our Group owns four schools within the PRC, including (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

Jiangxi University of Applied Science

JUAS is one private university located in Nanchang, Jiangxi province, PRC. It was established in 2002 by the chairman of the Board Mr. Huang Yulin (黃玉林) and it offers undergraduate and junior college programs, as well as diverse education related services.

Jiangxi Wenli Jishi College

Jishi College is a full-time vocational college located in Nanchang, Jiangxi Province, PRC. It was established in November 2019 and offers vocational programs. It was acquired by our Group from an Independent Third Party in December 2020.

Guizhou Institute of Industry and Trade

Guizhou Institute is a higher vocational college located in Bijie, Guizhou Province, PRC. It was established in May 2015 and offers vocational programs and junior college programs. It was acquired by our Group from an Independent Third Party in April 2021.

Zhengzhou Airport Economy Zone Yu Ren High School

Yu Ren High School is a high school located in Zhengzhou, Henan Province, PRC. It was established in 2017 and offers high school programs. It was acquired by our Group from an Independent Third Party in July 2021.

Our Education Services

We derived approximately 99.00% of revenue from our education services for the year ended 31 August 2022, which included tuition fees for our undergraduate programs, junior college programs, vocational programs and high school programs, as well as boarding fees. For the year ended 31 August 2022, our revenue from tuition fees and boarding fees amounted to approximately RMB465.49 million and RMB44.39 million, respectively, representing an increase of approximately 49.29% and 34.25%, respectively, as compared with the Pro Forma Period.

The following table sets forth detailed information regarding the number of student enrollment of our Schools as at 31 August 2022, together with comparative information as at 31 August 2021:

	Number of students as at 31 August		
	2022	2021	% change
Higher education programs carried out by JUAS			
— Undergraduate programs	**8,802**	6,848	28.53
— Junior college programs	**5,035**	5,903	-14.70
Vocational education programs carried out by Jishi College			
— Vocational programs	**3,460**	3,394	1.94
Junior college programs and vocational education programs carried out by Guizhou Institute			
— Junior college programs	**8,687**	5,733	51.53
— Vocational programs	**1,654**	931	77.66
High school education programs carried out by Yu Ren High School			
— High school education programs	**1,411**	850	66.00
Total	**29,049**	23,659	22.78

Note: The operating data for student enrollment presented in this table is based on the records of our Schools submitted to the competent PRC education authorities at the beginning of the corresponding school year.

The following table sets forth information in relation to the freshman students enrolled for the years ended 31 August 2021 and 2022:

	For the year ended 31 August		
	2022	2021	% change
Freshman students enrolled[1]			
— Higher education programs carried out by JUAS	**6,217**	7,127	(12.77)
— Vocational education programs carried out by Jishi College	**1,928**	1,853	4.05
— Junior college programs and vocational programs carried out by Guizhou Institute[2]	**3,271**	N/A	N/A
— High school education programs carried out by Yu Ren High School[2]	**772**	N/A	N/A

The following table sets forth information in relation to the average tuition fees for four types of programs per student and average boarding fees per student for the year ended 31 August 2022, together with comparative information for the eight months ended 31 August 2021:

	For the year ended 31 August 2022 RMB	For the eight months ended 31 August 2021 RMB	% change
Average tuition fees[3]			
Undergraduate programs	**20,797**	12,854	61.79
Junior college programs	**9,793**	7,013	39.64
Vocational programs	**5,495**	4,351	26.29
High school programs[2]	**17,905**	N/A	N/A
Average boarding fees[4]	**1,220**	856	42.52

Notes:

(1) Freshman students enrolled means the actual number of newly-enrolled students in each school year. For higher education programs, admission quota granted for each school year is generally determined by competent government authorities before the Gaokao prior to such school year.

(2) Guizhou Institute and Yu Ren High School were acquired by our Group in April 2021 and July 2021, respectively.

(3) Average tuition fees is calculated by dividing the total tuition fees received by student enrollment in each school year.

(4) Average boarding fees is calculated by dividing the total boarding fees received by student enrollment in each school year.

Our Education Related Services

In addition to tuition fees and boarding fees, for the year ended 31 August 2022, we also generated income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our Schools and other schools to participate in various internship programs, and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutions. For the year ended 31 August 2022, our revenue generated from education related services amounted to approximately RMB1.7 million, representing a decrease of approximately 91.76% as compared with the Pro Forma Period. The decrease in revenue from education related services was primarily because less education related service fee was charged by JUAS for the year ended 31 August 2022.

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會《關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the "**Amendment Decision**") became effective on 29 December 2018. Pursuant to the Amendment Decision, the school sponsors of private schools providing non-compulsory education may, at their own discretion, elect to register the schools as for-profit private schools or non-profit private schools. In addition to the Amendment Decision, state-level government authorities also issued certain implementing rules. On 30 December 2016, five state-level government authorities, including the MOE, jointly issued the Implementing Measures on Classification Registration of Private Schools (民辦學校分類登記實施細則), specifying measures for the establishment and classification registration of private schools, and procedures for existing private schools to register as for-profit and non-profit private schools pursuant to provincial rules to be promulgated by local provincial governments. The Implementing Rules for the Supervision and Administration of For-Profit Private Schools (營利性民辦學校監督管理實施細則) were issued on 30 December 2016, specifying measures concerning the establishment, modification and termination of for- profit private schools, and the educational and teaching related activities and financial management conducted by for-profit private schools. In addition, the Several Opinions on Encouraging Social Support for Education to Promote Private Education (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) were issued on 29 December 2016, providing policies for promoting private education.

Implementation Regulations

On the 14 May 2021, the PRC State Council issued the Implementation Regulations of the People's Republic of China on the Law Regarding the Promotion of Private Education (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**"). The new regulations would be officially implemented on 1 September 2021, which may have a considerable impact on the education industry.

The Implementation Regulations primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; (ii) the local people's governments with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments; (iii) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (iv) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions; and (v) any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed by the relevant government authorities in terms of necessity, legitimacy and compliance.

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC approved by the Standing Committee of the National People's Congress in November 2016 which took effect on 1 September 2017 (the "**2016 Decision**"), school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 29 June 2018, the government of Jiangxi Province promulgated the Jiangxi Implementation Opinions, pursuant to which private higher institutions in Jiangxi Province, including JUAS, are required to complete their registration as either for-profit private schools or non-profit private schools before September 2022. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related implementing rules and the existing ownership structure of JUAS, in March 2022, JUAS submitted the decision to the Jiangxi Education Department to register as a for-profit private school. As at the date of this announcement, JUAS has applied for the registration as a for-profit private school (the "**JUAS Application**") and has been informed that the JUAS Application has been preliminary allowed. Subsequently, JUAS shall proceed with post-application corporate actions, such as applying for pre-registration of for-profit private school names, amending the articles of association of the school, transferring assets and liabilities etc.

On 2 September 2022, the government of Guizhou Province promulgated the Guizhou Implementation Measures, pursuant to which private higher institutions in Guizhou Province, including Guizhou Institute, are required to apply their registration as either for-profit private schools or non-profit private schools before 31 December 2022. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related Implementation Regulations and the existing ownership structure of Guizhou Institute, on 21 October 2022, Guizhou Institute submitted the decision to the Guizhou Education Department to register as a for-profit private school. As at the date of this announcement, Guizhou Institute has applied for the registration as for-profit private school (the "**Guizhou Institute Application**") and the Guizhou Institute Application is currently pending preliminary approval from Guizhou Education Department.

As such, as at the date of this announcement, JUAS and Guizhou Institute remain as non-profit private schools.

So far as our Directors are aware, during the year ended 31 August 2022 and up the date of this announcement, there is no other material regulatory updates in relation to the foreign investment in the education sector in the PRC.

We have established a special committee (the "**Special Committee**") to (i) pay close attention to the latest development of the relevant laws, regulations and policies on private education sector in the PRC (the "**Relevant Rules**") and hold periodic meetings to discuss such development; (ii) where necessary, engage professional advisors, including PRC legal advisors, at the cost of the Company, to assist the Special Committee to understand the latest development of the Relevant Rules; and (iii) report and make recommendations to the Board for final decision based on the research reports and/or independent and professional advice as well as the Special Committee's major findings and preliminary conclusions. The Special Committee is chaired by Mr. Huang Yulin and comprises (i) three senior management members of our Company; (ii) two independent non-executive Directors with extensive experience in the education industry; and (iii) four senior management members of the Schools who are responsible for the day-to-day management and operation affairs of the Schools.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS RELATING TO OUR BUSINESS

There are certain risks involved in our operations and our prospects and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- we are subject to uncertainties brought by the Amendment Decision and the Implementation Regulations;
- our business is largely dependent on the market recognition of our brand and the reputation of our Schools and our Group;
- we generate a substantial portion of our revenue from operating our four Schools;
- we may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result;
- the level of tuition and boarding fees we are able to charge and our ability to maintain and raise the level of tuition and boarding fees are crucial to our business;
- our business operations depend on our ability to recruit and retain our senior management, qualified teachers and other professional employees;
- we may not be able to maintain good relationship with our existing cooperative enterprises, successfully compete with our competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of our internship management service; and
- we may not be able to successfully deliver and expand our tutoring and program management services, which could adversely affect our business and prospects.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND GROWTH STRATEGIES

The private education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as governmental support. We believe that in 2023, China's private education sector will remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in 2023, we intend to pursue the following business strategies:

- **Continue to improve our Schools' facilities, enhance our brand recognition and reputation, and expand our business and school network**

  To benefit from and seize the growth opportunities in the private education industry in China, we intend to continue offering quality education and attracting more talents to our Schools. As an important measure to enhance our education services, we plan to construct, renovate and upgrade the facilities and infrastructure of our current Schools' campus.

- **Continue to optimise our program and course offerings in order to enhance the competitiveness of our students**

  As an education service provider, the quality and coverage of the programs and course offerings are crucial for our Schools in providing quality education services. We intend to improve our education quality, expand the scale of our business operations and diversify our revenue primarily through optimize program offerings, strengthen school-enterprise collaboration and international collaboration, and develop online education courses.

- **Further strengthen and diversify our education related services**

  We believe that the provision of education related services has substantial market potential in China. To continue improving our profitability, we plan to further strengthen and diversify our education related services. We believe a diverse portfolio of educational services provided by us will be instrumental in enhancing our brand awareness and widening our revenue base. We plan to explore the opportunities to cooperate with other education providers to secure more qualified students for our internship management services. We also intend to proactively identify and cooperate with more suitable education institutions in Jiangxi Province as well as other regions in China. On the other hand, leveraging our reputation in the private education industry, we plan to seek cooperation opportunities with more enterprises located in developed areas in China, thereby further grow our internship management services.

- **Continue to attract, train and retain talented teachers and other professionals**

  We believe that hiring, retaining and training outstanding teachers is crucial in providing quality education to students. We intend to continue attracting and retaining teachers with professional expertise, teaching experience and/or work experience in relevant fields. To achieve this goal, we will continue applying high standards in our recruitment of teachers, and target applicants who have postgraduate degree or have extensive work experience in relevant field. We plan to expand our faculty team with more "double qualification teachers", experienced technical experts, well-recognized business administrators, and other personnel with expertise who are qualified to deliver skill-focused curriculums at our Schools on either full-time or part-time basis. In addition, we also intend to hire professors from other education institutions with experience to serve in academic leadership roles at our Schools.

IMPACT OF THE CORONAVIRUS DISEASE 2019 ("COVID-19")

After the outbreak of the COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including the extension of the Chinese New Year holiday nationwide, postponement of work and school resumption in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In the view of the outbreak of the COVID-19, the Group has taken a series of necessary health precaution to mitigate the potential impact of the COVID-19 outbreak, including the implementation of prevention and control policies released by the relevant government authorities. However, with the "back to normal" policy of Jiangxi Province and Guizhou Province, the 2022 autumn semester started as usual and teachers and students were able to return to schools.

As a result, considering the increase in the Group's revenue recorded for the year ended 31 August 2022, the Directors are of the view that the Group is able to resist the impact of the COVID-19. As of the date of this announcement, the Group does not anticipate any significant financial impact resulting from the COVID-19, following which the Group will pay close attention to the situation of the COVID-19 and continue to assess the impact of the epidemic disease on the Group's finances and operations from time to time, as the case may be.

FINAL DIVIDEND

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

FINANCIAL REVIEW

The Annual Results covered the financial year ended 31 August 2022. On 11 June 2021, the Board announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year. To provide meaningful comparative information, the Group prepared pro forma financial information covering the Pro Forma Period, and such pro forma financial information has not been audited. The following table sets forth key items of the Group's consolidated statement of comprehensive income for the year ended 31 August 2022, with comparative information for the Pro Forma Period, and the eight months ended 31 August 2021.

	For the year ended 31 August			For the eight months ended 31 August
	2022 RMB'000 (Audited)	2021 RMB'000 (Pro forma) *(Note)*	% change	2021 RMB'000 (Audited)
Revenue	**514,956**	380,067	35.49	218,082
Cost of revenue	**(332,153)**	(180,979)	83.53	(134,364)
Other income	**27,977**	23,285	20.15	7,406
Other expenses	**(10,127)**	(6,863)	47.56	(3,210)
Other losses — net	**(44,069)**	(3,649)	1,107.70	230
Net impairment losses on financial assets	**(5,895)**	(13,979)	(57.83)	(10,378)
Selling expenses	**(29,133)**	(5,864)	396.81	(473)
Administrative expenses	**(93,979)**	(82,455)	13.98	(56,718)
Finance costs — net	**(57,848)**	(44,213)	30.84	(37,315)
(Loss)/profit before income tax	**(30,271)**	65,350	(146.32)	(16,740)
Income tax expenses	**(7,714)**	(2,539)	203.82	(1,980)
(Loss)/profit for the year/period	**(37,985)**	62,811	(160.48)	(18,720)

Note:

The pro forma financial information for the year ended 31 August 2021 is comprised of (1) the financial results for the period from 1 September 2020 to 31 December 2020, which are derived from the 2020 annual financial results after deduction of the unaudited financial results for the eight months from 1 January 2020 to 31 August 2020 and (2) the eight-month financial results, which are derived from the annual financial results (audited) for the eight months ended 31 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth the breakdown of our revenue for the year ended 31 August 2022, together with comparative information for the Pro Forma Period, and the eight months ended 31 August 2021:

	For the year ended 31 August				For the eight months ended 31 August
	2022 (RMB'000) (Audited)	2021 (RMB'000) (Pro forma) *(Note)*	Change (RMB'000)	Change %	2021 RMB'000 (Audited)
Education services					
Tuition fees	**465,491**	311,812	153,679	49.29	188,445
Boarding fees	**44,386**	33,063	11,323	34.25	19,894
Sub-total	**509,877**	344,875	165,002	47.84	208,339
Education related services					
Internship management fees	**1,644**	3,673	(2,029)	(55.24)	1,029
Tutoring and program management fees	**64**	17,045	(16,981)	(99.62)	1,092
Sub-total	**1,708**	20,718	(19,010)	(91.76)	2,121
Others	**3,371**	14,474	(11,103)	(76.71)	7,622
Total	**514,956**	380,067	134,889	35.49	218,082

Note:

The pro forma financial information for the year ended 31 August 2021 is comprised of (1) the financial results for the period from 1 September 2020 to 31 December 2020, which are derived from the 2020 annual financial results after deduction of the unaudited financial results for the eight months from 1 January 2020 to 31 August 2020 and (2) the eight-month financial results, which are derived from the annual financial results (audited) for the eight months ended 31 August 2021.

Our revenue generated from education services for the year ended 31 August 2022 consisted of tuition fees and boarding fees.

- For the year ended 31 August 2022, our revenue from tuition fees amounted to approximately RMB465.49 million, representing an increase of approximately 49.29% as compared with the Pro Forma Period. Such increase was mainly attributable to (i) the acquisition of Guizhou Institute and Yu Ren High School in April 2021 and July 2021 respectively; and (ii) the growth in the number of enrolled students from 23,659 as at 31 August 2021 to 29,049 as at 31 August 2022.

- For the year ended 31 August 2022, our revenue from boarding fees amounted to approximately RMB44.39 million, representing an increase of approximately 34.25% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in the number of enrolled students from 23,659 as at 31 August 2021 to 29,049 as at 31 August 2022.

Our revenue generated from education related services for the year ended 31 August 2022 consisted of internship management fees as well as tutoring and program management fees.

- For the year ended 31 August 2022, our revenue from internship management fees amounted to approximately RMB1.64 million, representing a decrease of approximately 55.24% as compared with the Pro Forma Period. Such decrease was mainly attributable to the policy change of internship program, which increased the requirements for internship application. Students now can only apply for the internship that matches their major. Therefore, the internship management fee decreased as the number of qualified applicants decreased.

- For the year ended 31 August 2022, our revenue from tutoring and program management fees amounted to approximately RMB0.06 million and representing a decrease of approximately 99.62% as compared with the Pro Forma Period. The reason behind the fluctuation was the shift in the Group's business strategy. As the number of newly enrolled students increased, the Group has placed more efforts on the development of its course arrangement and academic education, rather than the cooperation program with other entities.

Our revenue generated from other services for the year ended 31 August 2022 was primarily derived from (i) miscellaneous charges to students and (ii) commission income from books and services suppliers. The fee received from other services is recognised as revenue when relevant service is rendered to the customers. For the year ended 31 August 2022, our revenue generated from other services amounted to approximately RMB3.37 million, representing a decrease of approximately 76.71% as compared with the Pro Forma Period. Such decrease was mainly attributable to the decrease in the average miscellaneous charges paid by the students, as JUAS lowered the miscellaneous charge rate starting from September 2021.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortization expenses, students activities expenses, educational supplies and consumables, repair and maintenance and others. For the year ended 31 August 2022, the cost of revenue of the Group amounted to approximately RMB332.15 million, representing an increase by 83.53% as compared with the Pro Forma Period. Such increase was mainly because (i) based on the Group's adherence to high-quality development, it has continuously improved and increased investment in teaching quality and resources and student activities; and (ii) there was an increase in depreciation cost of property, plant and equipment.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB182.80 million for the year ended 31 August 2022, representing a decrease of approximately 8.18% as compared with the Pro Forma Period. Our gross profit margin was approximately 35.50% for the year ended 31 August 2022, as compared with approximately 52.38% for the Pro Forma Period. The decrease in gross profit and gross profit margin was mainly due to the increase in employee benefit expenses and other costs outweighed the increase in revenue.

Other Income

Other income primarily included government grants, sub-contracting income (mainly from the sub-contracting operation of canteen catering and stores in our Schools' campus), self-operating canteen income and others during the year ended 31 August 2022. For the year ended 31 August 2022, the Group's other income amounted to approximately RMB27.98 million, representing an increase of approximately 20.15% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in government grants.

Expenses

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses amounted to approximately RMB10.13 million, representing an increase of approximately 47.56% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in employee benefit expenses, depreciation and amortisation expenses.

Other losses — net

Our other losses — net primarily consisted of net fair value (losses)/gains on financial assets at fair value through profit or loss and net foreign exchange losses, donation and others. For the year ended 31 August 2022, our other losses — net amounted to approximately RMB44.07 million, representing an increase of approximately 1,107.70% as compared with the Pro Forma Period. The increase was mainly attributable to loss on financial assets at fair value through profit or loss in relation to the Group's investment in the shares of Sinic Holdings (Group) Company Limited, which is a company listed on the Stock Exchange (stock code: 2103) ("**Sinic Holdings**"). The trading of its shares has been suspended since September 2021 and up to the date of this announcement. The investment was fully provided for impairment as at 31 August 2022.

Internal control and investment policy in relation to financial assets

The Group's investment in financial assets was mainly the result of its cash management objective to improve returns on its available capital including cash and undistributed profits. Subject to approval of the Board, the Group may make short-term investments on equities, bonds, funds and derivatives products which can be readily realized within one year. The Group has established internal procedures in relation to investments in financial assets, which include, among others, (i) investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting; (ii) the Group may only use idle funds or spare cash to purchase financial products, and such investment shall not affect its operation activities and investment in relation to our main scope of business; (iii) financial instruments provided by sizable and reputable licenced commercial banks are preferred; (iv) futures trading is prohibited unless with prior written approval by the Board; and (v) the Group must conduct regular review of investments of financial products and the Group's finance team is in charge of the review and risk assessment of financial products with reference to the Group's financial condition, cash position, operating cash requirements, as well as changes in interest rates. In the event of significant fluctuations in the financial assets, the Group's finance team shall conduct analysis in a timely manner and provide the relevant information to the financial controller.

The management of the Group implements risk control measures in relation to investment in financial assets from time to time. The fair value loss resulted from the Group's investment in Sinic Holdings was mainly attributable to its liquidity issues and the trading of its shares was suspended suddenly in the middle of a trading day, which made it very difficult for the management of the Group to take action to minimise its loss. Afterwards, the Directors and the management of the Group have continuously followed the updates on Sinic Holdings, assessed the financial effect brought about by such event and discussed on feasible remediation solutions.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily represented impairment of trade receivables. For the year ended 31 August 2022, our net impairment losses on financial assets amounted to approximately RMB5.90 million, representing a decrease of approximately 57.83% as compared with the Pro Forma Period. The decrease was mainly attributable to our enhanced management on collection of trade receivables, which in turn resulted in the decrease in trade receivables.

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. Our selling expenses amounted to approximately RMB29.13 million for the year ended 31 August 2022, representing an increase of approximately 396.81% as compared with the Pro Forma Period. Such increase was mainly due to increased recruitment campaigns in Jishi College and Guizhou Institute.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, (ii) depreciation and amortisation expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, and (v) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the year ended 31 August 2022, our administrative expenses amounted to approximately RMB93.98 million, representing an increase of approximately 13.98% as compared with the Pro Forma Period. Such increase was mainly because of the increased salaries, electricity bill and repair and maintenance expenses.

Finance Costs — Net

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents. Our net finance costs amounted to approximately RMB57.85 million for the year ended 31 August 2022, representing an increase of approximately 30.84% as compared with the Pro Forma Period. Such increase was mainly in line with the increase in borrowings from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022.

Income Tax Expenses

For the year ended 31 August 2022, our income tax expenses primarily consisted of PRC Enterprise Income Tax. Our income tax expenses were approximately RMB7.71 million for the year ended 31 August 2022, representing an increase of approximately 203.82% as compared with the Pro Forma Period. Such increase was mainly because income tax expenses increased as a result of the acquisition of Guizhou Institute in April 2021, which is not exempt from PRC enterprise income tax.

(Loss)/Profit for the Year

For the year ended 31 August 2022, our loss for the year amounted to approximately RMB37.99 million, as compared with profit for the year of approximately RMB62.81 million for the Pro Forma Period. Such loss for the year was mainly attributable to (i) a fair value loss on financial assets of approximately RMB42.52 million in relation to the Group's investment in the shares of Sinic Holdings. The trading of its shares has been suspended since September 2021 and up to the date of this announcement; (ii) an increase of approximately RMB13.64 million in finance costs, as we increased the borrowings from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022; and (iii) an increase of approximately RMB23.27 million in selling expenses due to increased recruitment campaigns in Jishi College and Guizhou Institute.

Financial Positions

As at 31 August 2022, our total equity was approximately RMB811.08 million, as compared with approximately RMB845.13 million as at 31 August 2021. The decrease in equity was mainly attributable to the loss for the year.

As at 31 August 2022, our current assets were approximately RMB371.57 million, as compared with approximately RMB474.35 million as at 31 August 2021. The decrease was mainly attributable to (i) the decreases in cash and cash equivalents, which was due to construction of school buildings and facilities of JUAS and Guizhou Institute and new campus of Jishi College; and (ii) the decrease in financial asset attributable to fair value loss in relation to the Group's investment in the shares of Sinic Holdings. The trading of its shares has been suspended since September 2021 and up to the date of this announcement.

The Group has established internal procedures in relation to investment in financial assets. In particular, investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting. For further details on the Group's internal procedures and risk control measures in relation to investment in financial assets, see "Financial Review — Expenses — Other losses-net — Internal control and investment policy in relation to financial assets" in this announcement.

Liquidity and Capital Resources

Our primary uses of cash are to fund our working capital requirement, loan repayment and related interest expenses. We have funded our operations principally with the cash generated from our operations and borrowings.

As at 31 August 2022, we had cash and cash equivalents of approximately RMB286.21 million, as compared with approximately RMB314.46 million as at 31 August 2021. Such decrease was mainly attributable to the higher operating expenditure during the year.

Our total borrowings increased from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022. As at 31 August 2022, all our bank borrowings were dominated in RMB, among which approximately RMB390.45 million are repayable within one year and approximately RMB980.30 million are payable more than one year. For the year ended 31 August 2022, the weighted average effective interest rate of our borrowings was approximately 6.36%, as compared with 6.92% for the eight months ended 31 August 2021.

Internal control and policy in relation to liquidity and capital resources

The Group's finance department is responsible for financial control, accounting, reporting, group credit and internal control function of the Group. In addition, the Company's Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system. The Group closely monitors the level of its working capital, particularly in view of its strategies to continue expanding the Schools and the scope of its education related services. The Group's working capital requirements depend on a number of factors, including, but not limited to, operating income, the scale of Schools, maintaining and upgrading the premises of the Schools, purchasing additional educational facilities and equipment for Schools, expanding scope of education related services, and hiring additional teachers and staff. In addition, the Group closely monitor its available cash reserve and maturity profile of existing debt obligations, and if required, it may borrow additional loans or utilize its existing banking facilities to satisfy unexpected capital needs.

Gearing Ratio

As at 31 August 2022, our gearing ratio, which is calculated as net debt divided by total equity, was approximately 144.58%, as compared with approximately 112.79% as at 31 August 2021. The increase in gearing ratio was mainly attributable to the increase in total borrowings and the decrease in total equity.

Capital Expenditure

Our capital expenditures during the year ended 31 August 2022 amounted to approximately RMB543.45 million, which was primarily used for the construction of school buildings and facilities at the JUAS and Guizhou Institution and new campus of Jishi College and purchase of office furniture and fixtures and computer software.

Property, Plant and Equipment

Property, plant and equipment of the Group as at 31 August 2022 increased to approximately RMB2,185.65 million from approximately RMB1,558.45 million as at 31 August 2021. Such increase was mainly attributable to the increase in the construction of school buildings and facilities at the JUAS and Guizhou Institution and new campus of Jishi College and the purchase of office furniture and fixtures and computer software.

CHARGE ON ASSETS

Except for the disclosures in notes 3, 9 and 16 of the financial information of this announcement, there was no other material charge on the Group's assets as at 31 August 2022.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed in this announcement, we did not have any unrecorded significant contingent liabilities or guarantees or any material litigation against us as at 31 August 2022 and up to the date of this annual report.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the date of this annual report, the Group has not entered into any off-balance sheet transactions.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed herein, the Group did not have other significant investments held as at 31 August 2022 and up to the date of this annual report.

The Group entered into the following agreements during the year ended 31 August 2022:

(i) In November 2021, Nanchang Di Guan and Junyiyuan Technology Development Group Limited (君億園科技發展集團有限公司) ("**Junyiyuan**"), an independent third party, entered into an agreement, pursuant to which Nanchang Di Guan acquired from Junyiyuan the right to operate and manage Jiangxi Aviation Technician College (江西航空技師學院) for a term of 10 years at a consideration of RMB49.53 million. Up to the date of this annual report, Nanchang Di Guan and Junyiyuan have been working on obtaining the approval of the transfer of operating rights from the relevant authorities. This is expected to be finished by the end of 2022.

(ii) In December 2021, Chen Lin Education Science and Jiangxi Henghuida Agricultural Science and Technology Co., Ltd. (江西恆暉大農業科技有限公司) ("**Henghuida**"), an independent third party, signed a non-legally binding memorandum which sets out the intention of the parties to cooperate in education projects relating to agriculture, health care, ecology and sustainable development. The Group made a deposit amounting to RMB21,000,000 to Henghuida according to the memorandum. As at the date of this annual report, the parties were still negotiating details of the cooperation.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 August 2022 and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, as at the date of this annual report, the Group did not have other plans for material investments or capital assets.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pay to Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2022, we had 2,356 full-time employees (as at 31 August 2021, we had 1,738 full-time employees), mostly based in Jiangxi Province, PRC.

The remuneration or our employees is based on their performance, experiences, and market comparable analysis. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees based in the PRC, covering pension, medical, unemployment, work injury and maternity leave. The Group participates in a Mandatory Provident Fund Scheme under the Rules and regulations of Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. For the year ended 31 August 2022, our employee remuneration totaled to approximately RMB208.49 million, as compared with RMB94.40 million for the eight months ended 31 August 2021.

We grant RSUs to our employees to incentivise them to contribute to our growth. As at 31 August 2022, RSUs in respect of 26,094,700 underlying Shares, representing approximately 2.61% of the share capital of our Company as at 31 August 2022, have been granted to 39 participants pursuant to the RSU Scheme. As of 31 August 2022, RSUs in respect of 21,252,800 underlying Shares, have been vested.

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2021: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the abovementioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 August 2022 and for the eight months ended 31 August 2021, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 August 2022. No forfeited contributions may be used if there is forfeited contributions.

The remuneration of Directors and members of senior management of the Company is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, performance-related bonus, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension schemes on their behalf.

ESG PERFORMANCE

During the year, the Group has complied with the `comply or explain' provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. Information about the Company's ESG policies and performance during the year which will be set out in the ESG section to be included in this report.

SUBSEQUENT EVENTS

The Group has been in active communications with banks and other financial institutions to secure the necessary borrowings and to obtain new facilities to fund the Group's capital expenditures and operations. Subsequent to 31 August 2022 and up to the date of this annual report, the Group has obtained bank borrowings of RMB350 million.

Save for the above, the Group had no material subsequent events which have not been reflected in the financial statement.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

NON-COMPLIANCE WITH CG CODE AND LISTING RULES

For the year ended 31 August 2022, the Company has complied with the CG Code and Listing Rules except for the following one deviation which is explained below:

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the chairman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely six executive Directors, one non-executive Director and four independent non-executive Directors, we believe that which the balanced view by the independent non-executive Directors, the interests of shareholders of the Company are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

BOARD OF DIRECTORS

The Board is responsible for leadership and the internal control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and is conducting the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Group, who will implement the strategy and direction as determined by the Board.

The Board currently consists of 11 Directors, namely Mr. Huang Yulin (Chairman and CEO), Mr. Wang Shenghua, Mr. Liu Chunbin and Mr. Yang Ruichen (CFO), Mr. Wang Li and Ms. Gan Tian as executive Directors, Mr. Li Cunyi as the non-executive Director and Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin as independent non-executive Directors. Mr. Huang Yulin is the father-in-law of Mr. Wang Li. Other than that, none of the Directors had a relationship (including financial, family or other substantial or related relationship) with each other. The Board currently has 3 Independent Non-executive Director and consider to have bring an independent view, balance of skills and experience appropriate for the requirements of the business of the Group.

The Board regularly reviews whether each Director has devoted sufficient time to the discharge of his or her duties and responsibilities and the contribution he or she has made to the Company.

The biographies of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

Each of the executive and non-executive Directors has entered into a service contract with the Company and each of the independent non-executive Directors has signed a letter of appointment with the Company.

According to Article 108(a) of the Articles of Association, not less than one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and the retiring Directors shall be eligible for re-election. In accordance with Article 108(a) of the Articles of Association, Mr. Wang Li, Ms. Gan Tian, Mr. Li Cunyi and Mr. Wang Donglin shall retire by rotation at the 2023 AGM and, being eligible, have offered themselves for re-election as Directors thereat.

The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with the Articles of Association, the Listing Rules and other applicable laws.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors for the Reporting Period was approximately RMB7.38 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors and senior management for the Reporting Period are set out in note 37 and note 35 to the consolidated financial statements respectively.

The company has arranged appropriate insurance cover in respect of legal proceedings against the Directors.

The procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense as required pursuant to code provision A.1.6 of the CG Code.

During the Reporting Period and up to the date of this annual report, saved as disclosed-above under the heading "NON-COMPLIANCE WITH CG CODE AND LISTING RULES", the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, of whom Mr. Sy Lai Yin, Sunny, is the Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considered them to be independent.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Directors have access to the services of the company secretary to ensure that the Board procedures are followed. During the Reporting Period, the company secretary of the Company changed from Mr. Wong Yu Kit to Ms. Yu Anne with effect from 31 August 2022. In compliance with Rule 3.29 of the Listing Rules, the company secretary of the Company has undertaken no less than 15 hours of relevant professional training during the Reporting Period. The company secretary of the Company has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules.

The company secretary is responsible to prepare and circulate the abovementioned draft agenda and board papers. The company secretary is also responsible for keeping all Board meetings' minutes recorded in sufficient detail of the matters considered and decisions reached. Draft and final versions of the minutes are circulated to the Directors for comments and records respectively within reasonable time after each meeting and the final version is open for the Directors' inspection.

All Directors attended various training during the year ended 31 August 2022, including trainings regarding the updating of the Listing Rules, the responsibilities and continuous obligations of Directors and the Environmental, Social and Governance Reporting Guide. The Company has arranged and funded for suitable trainings for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development during the Reporting Period.

The Company is committed to continuously reviewing and improving its internal systems, including those in relation to internal supervision and control, and risk management.

Change in Directors' and chief executive's information pursuant to Rule 13.51B(1) of the Listing Rules

For the year ended 31 August 2022, there was no change to information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BOARD DIVERSITY POLICY

In compliance with the requirement set out in Rule 13.92 of the Listing Rules, the Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach of which the Board could achieve and maintain a high level of diversity. The Company recognizes the benefits of having a diversified Board, as such it will ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group's business strategies and sustainable development. Our Company seeks to achieve Board diversity by selection of candidates for the Board through the consideration of a number of factors, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender, ethnicity and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Nomination Committee is delegated to be responsible for compliance with relevant code governing board diversity under the CG Code. The Nomination Committee will review the Board Diversity Policy at least annually to ensure that its continued effectiveness, and where necessary, will make revisions that may be required and recommend any such revision to the Board for consideration and approval.

ANTI-CORRUPTION AND WHISTLE-BLOWING POLICIES

The Group strictly adheres to the rules and regulations relating to anti-corruption and fraudulent behaviors set out by the relevant authorities. At the same time, the Group maintains a high standard of business integrity throughout its operations. We require our employees to follow our employee manual and code of business conduct and ethics, negligence and corruption. We also carry out regular on the job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company.

BOARD MEETINGS

The Company has adopted a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance with the matters to be discussed specified in agenda of the meeting. For other Board and committee meetings, reasonable notice is generally served. Agendas or relevant documents of the Board or committee meetings shall be despatched to the Directors or members of the committees at least three days prior to the convening of the meetings to ensure that they have sufficient time to review the relevant documents and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. The minutes are kept by the company secretary of the Company and the copies are circulated to all Directors for reference and record purpose.

The minutes of the meetings of the Board and committees thoroughly are recorded all matters under consideration and decisions made including any problems raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Directors have a right to review the minutes of the Board meetings and the committee meetings.

The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the Reporting Period, as well as at the annual general meeting held on 28 January 2022, respectively, are as follows:

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Huang Yulin *(Chairman of the Board and CEO)*	4	N/A	N/A	N/A	1
Mr. Yang Ruichen	4	N/A	N/A	N/A	1
Mr. Wang Shenghua	4	2	N/A	N/A	1
Mr. Liu Chunbin	4	N/A	N/A	N/A	1
Ms. Gan Tian	4	N/A	N/A	2	1
Mr. Wang Li	4	N/A	2	N/A	1
Non Executive Director					
Mr. Li Cunyi	4	N/A	2	2	1
Independent non-executive Directors					
Mr. Sy Lai Yin Sunny	4	2	2	N/A	1
Mr. Chen Wanlong	4	2	2	2	1
Mr. Huang Jujun	4	2	2	2	1
Mr. Wang Donglin	4	2	N/A	2	1

During the Reporting Period, 4 Board meetings were held to consider and approve among others, including (i) the annual results of the Group for the eight months ended 31 August 2021; and (ii) interim results of the Group for the six months ended 28 February 2022.

According to code provision C2.7 of the CG Code, the chairman have hold one meeting with the Independent non-executive Director with the presence of other Directors.

GENERAL MEETING

Annual general meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of annual general meeting is distributed to all shareholders at least 21 days prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the annual general meeting exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Poll voting results are posted on the Company's website on the day of the annual general meeting.

During the year ended 31 August 2022, one annual general meeting was held on 28 January 2022. All Directors on the Board as had participated in the annual general meeting.

The forthcoming 2023 AGM will be held on 30 January 2023. The notice of the 2023 AGM will be sent to the Shareholders at least 21 days before the 2023 AGM.

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company and that of the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee consists of four members, namely Mr. Sy Lai Yin, Sunny, Mr. Huang Juyun, Mr. Chen Wanlong and Mr. Wang Donglin, all being our independent non-executive Directors. Mr. Sy Lai Yin, Sunny with appropriate qualifications has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process and the risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

Two Audit Committee meeting was held during the Reporting Period to review the annual results of the Group for the eight months ended 31 August 2021 and the interim results of the Group for the six months ended 28 June 2022. All members of the Audit Committee as at the respective meeting dates had participated in the above meetings.

According to code provision D.3.3(e)(i) of the CG Code and the terms of reference of the Audit Committee of the Company, the Audit Committee have meet at least twice a year, with the Company's auditors.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with the CG Code. The Remuneration Committee has five members, comprising three independent non-executive Directors, namely Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Sy Lai Yin, Sunny, one executive Director, being Mr. Wang Li, and one non-executive Director, being Mr. Li Cunyi. Mr. Chen Wanlong is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors (including the director's fees of the independent non-executive Directors) and senior management, make recommendations to the Board on employee benefit arrangement and reviewing the RSU scheme of the Company (as from 1 January 2023).

Two meetings of the Remuneration Committee were held during the Reporting Period to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters. All members of the Remuneration Committee as at the respective meeting dates had participated in the above meetings.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee consists of three independent non-executive Directors, being Mr. Huang Juyun, Mr. Wang Donglin and Mr. Chen Wanlong, one executive Director, being Ms. Gan Tian, and one non-executive Director, being Mr. Li Cunyi. Mr. Huang Juyun is the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Two meetings of the Nomination Committee were held during the Reporting Period to review composition of the Board, assess the independence of independent non-executive Directors and recommend the Board on the re-election of Directors. All members of the Remuneration Committee had participated in the above meetings. During the year ended 31 August 2022, the Nomination Committee as at the respective meeting dates has reviewed the structure, size and composition of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors of the Company, all Directors have all confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the year ended 31 August 2022.

FRAMEWORK FOR DISCLOSURE OF INSIDE INFORMATION

The Company has in place a policy on handling and dissemination of inside information (the "**Policy**") which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to determine the price of the listed securities of the Company with the latest available information. This Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' COMMUNICATION POLICY

As part of its regular review, the Board has reviewed the Shareholders' Communication Policy for the year ended December 31, 2021 and is of the view that the Policy is effective and adequately implemented.

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the Reporting Period, the Company disclosed information truly, accurately, completely and timely according to the laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, thus protecting the investors' interests to the greatest extent.

AUDITOR'S REMUNERATION

For the Reporting Period, the fees paid/payable to the Company's auditor for audit services amounted to approximately RMB3.28 million.

For the Reporting Period, the Company did not engage its auditor to provide non-audit services.

ACCOUNTABILITY AND AUDIT

The Directors of the Company are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flows during the Reporting Period. A statement from the auditor about its reporting responsibilities on the consolidated financial statements is set out on pages 102 to 184 of this annual report. In preparing the consolidated financial statements for the Reporting Period, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimated that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the "Management Discussion and Analysis" set out on pages 16 to 35 of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions is conducted on an annual basis. The controls built into the risk management system are intended to manage significant risks in the Group's business.

The Board is primarily in charge of managing the overall risks of our Group. Significant business decision that involves material risk exposures, such as expansion of the school network into new geographic areas and to enter into cooperative business relationships with third parties to establish new schools, are subject to assessment and approval of the Board.

The Audit Committee is delegated with the responsibility to review the financial controls, risk management and internal control systems of the Group, to consider any major investigation findings on risk management and internal control matters and the response of the management to such findings. The Audit Committee also reviews the external independent auditor's management letter, any material queries raised by the auditor about accounting records, financial accounts or systems of control and management's response. The Audit Committee reports to the Board on the matters considered by the Audit Committee and its recommendations to the Board.

The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group and reports their findings to the Audit Committee and the Board.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The Schools are managed on a day-to-day basis by its president, who is assisted by several vice presidents responsible for one or more specific aspects of the Schools' operations. The board of directors of the Schools are responsible for the overall management and decisions on matters that are significant to the Schools. The board of directors, president and vice presidents of the Schools are required to manage the operation of the Schools within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. They are also required to keep the executive Directors informed of the material development and to report on the implementation of the policies and strategies set by the Company on a regular basis. The Schools have also designated the relevant personnel who will be responsible for monitoring the ongoing compliance with the relevant PRC laws and regulations that govern the business operations and overseeing the implementation of any necessary measures.

The Group has formulated internal control system manuals on corporate governance, operations, management, legal matters, finance and auditing setting out the internal approval and review procedures pursuant to which our employees are mandated to comply with. The Group has also established a set of policies and procedures for property purchase and leasing arrangement and maintains insurance coverage which is in line with customary practice in the PRC education industry, including school liability insurance.

The Company is committed to build up an effective internal control and risk management systems. The Company has appointed First Shanghai Capital Limited as the compliance adviser upon the Listing to advise on the on-going compliance with the Listing Rules. Additional personnel with professional experience and qualifications will be hired where necessary to support the expansion of our business operation. The Company will also engage external professional advisers to provide professional advice and guidance to our Group and to provide internal trainings to ensure our Directors and employees are kept up-to-date on any legal and regulatory developments.

The Group regulates the handling and dissemination of inside information according to the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information.

The Board has conducted a review on the effectiveness of the internal control and risk management systems of the Group during the year ended 31 August 2022. Such review cover all material controls, including financial, operational and compliance controls and risk management functions. The Board considers that the risk management and internal control systems are effective and adequate during the year ended 31 August 2022. The Board will also continually evaluate the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions in the future.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association was conditionally adopted by the Board on 18 November 2019 and became effective on the Listing Date. A copy of the Articles of Association is available on the website of the Company and the Stock Exchange. During the year ended 31 August 2022 and up to the date of this annual report, there was no significant change in constitutional documents of the Company.

Reference is made to the announcement of the Company dated 14 December 2022. The Board proposes to amend the Articles of Association for the purposes of, among others, (i) allowing general meetings to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; (ii) to bring the Articles of Association in line with amendments made to Appendix 3 of the Listing Rules and applicable laws and procedures of the Cayman Islands; and (iii) making certain minor housekeeping amendments to the Articles of Association for the purpose of clarifying existing practice and making consequential amendments in line with the amendments to the Articles of Association (collectively, the "**Amendments**"). Details of the proposed Amendments are set out in the Company's circular dated 30 December 2022.

SHAREHOLDERS

The Company was incorporated in the Cayman Islands. Pursuant to the Articles of Association, general meetings of the Company shall also be convened on the written requisition of any one or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition.

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and that of the Stock Exchange after each general meeting.

Under Article 64 of the Articles of Association, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the joint company secretaries of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Law of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings of the Company may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for Shareholders to propose a person for election as a Director are published on the Company's website. For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company as follows:

Address: No. 001, Xinjian Lianfu Dadao, Nanchang, Jiangxi, PRC

Attn. : The Board of Directors

The Company will not normally deal with verbal or anonymous enquiries.

ESG REPORT

ABOUT THE REPORT

Chen Lin Education Group Holdings Limited (the "**Company**") and its Consolidated Affiliated Entities (the "**Group**") are pleased to share the fourth Environmental, Social and Governance ("**ESG**") Report, which outlines the Group's ESG policies, practices and performances for the financial year from 1 September 2021 to 31 August 2022 (the "**reporting period**"). The ESG Report is available in both Chinese and English and can be accessed on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

Reporting Scope

This report is in line with last ESG Report and focuses the principal business operations on comprehensive educational services of the Company and its Consolidated Affiliated Entities, namely JUAS, Jishi College, Guizhou Institute and Yu Ren High School, which are four schools owned by the Group as of 31 August 2022.

Reporting Standard and Principles

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 to The Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. The report follows four fundamental reporting principles set out in the ESG Reporting Guide:

Materiality	Materiality assessment is conducted through stakeholder questionnaire to identify material issues to the Group, which forms the basis of report framework and key disclosures.
Quantitative	Quantitative data of key performance indicators ("**KPIs**") are disclosed where feasible with appropriate comparison across previous years. Standards, methodologies and/or assumptions derived for the calculation are stated in the report.
Balance	Information is disclosed in an objective manner as far as possible to provide an unbiased overview of the Group's overall ESG performance.
Consistency	KPIs are measured and calculated according to consistent methodologies unless otherwise specified for disclosure and comparison of ESG performance.

Data Sources and Approval

Sources of data adopted in this report include the relevant internal statistical statements, administrative documents and reports of the Group. Our Board and senior management team have approved this report and guaranteed that this report is free of any false information, misrepresentation or major omissions.

Opinion and Feedback

The opinions and views of stakeholders are crucial for continuous improvement in the Group's ESG performance and business. If you have any questions or feedback on this ESG Report, please contact us by:

Email: chenlinedu_ir@163.com
Official Website: www.chenlin-edu.com

ESG REPORT

OUR APPROACH TO ESG

ESG Governance

The Group understands that sound and effective ESG governance is fundamental to setting direction and strategies for its ESG performance and long-term development. The Group's ESG governance begins with the Board overseeing major decisions on ESG issues, formulation and approval of ESG strategies, policies, targets and reports. With the stewardship of the Board, the ESG group is responsible for managing ESG issues, including formulating and implementing ESG policies and measures, evaluating materiality of ESG issues to the Group, monitoring work process and feedback on ESG performance, and reporting the effectiveness of ESG management.

The Group will continue to evaluate and enhance its ESG governance, strategies, policies and target-setting, in order to embed sustainability into decision-making process and daily operations.

ESG Risk Management

The Board has the overall responsibility for maintaining a sound risk management and internal control systems, reviewing their effectiveness, as well as managing the overall risks, including ESG risks, of the Group. With empowerment from the Board, the Audit Committee reviews and supervises, and monitors the effectiveness of the risk management and internal control systems. Potential ESG risks covering financial, operational, compliance and governance aspects are identified and reported by the Audit Committee to the Board on a regular basis, in order to ensure appropriate precautionary and control measures are in place.

The Group will continue to explore ESG risks that are relevant to its business operations and enhance the identification and management systems of such risks. For more details of the Group's internal controls and risk management, please refer to P. 43–44 of the Annual Report.

Compliance Management

The Group strictly adheres to ethics and integrity, and strives to ensure that it operates in compliance with all relevant laws and regulatory requirements to prevent administrative and financial penalties and damage to reputation caused by non-compliance. A well-established governance structure with clearly defined lines of responsibility and authority, as well as manuals for which our employees are mandated to follow are in place to maintain effective internal control systems. The Schools have designated personnel responsible for monitoring the ongoing compliance with the relevant laws and regulations of the People's Republic of China ("**PRC**") that govern the business operations and supervising the implementation of any necessary measures.

Aspects	Laws and regulations that have a significant impact on the Group	Compliance
Emissions	• Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) • Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) • Energy Conservation Law of the PRC (《中華人民共和國節約能源法》)	During the reporting period, there were no violations of relevant laws and regulations that have a significant impact on the Group.
Employment	• Labor Law of the PRC (《中華人民共和國勞動法》) • Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) • Teachers Law of the PRC (《中華人民共和國教師法》) • Regulation on Training Work for Teachers of Higher Education Institutions (《高等學院教師培訓工作規程》)	During the reporting period, there were no violations of relevant laws and regulations that have a significant impact on the Group.

Aspects	Laws and regulations that have a significant impact on the Group	Compliance
Health and safety	• Regulation on Work Injury Insurance (《工傷保險條例》)	During the reporting period, there were no violations of relevant laws and regulations that have a significant impact on the Group.
Labour standards	• Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》) • Special Provisions on Labor Protection of Female Employees (《女職工勞動保護特別規定》)	During the reporting period, there were no violations of relevant laws and regulations that have a significant impact on the Group.
Product responsibility	• Consumer Protection Act of the PRC (《中華人民共和國消費者權益保護法》) • Fire Protection Law of the PRC (《中華人民共和國消防法》) • Food Safety Law of the PRC (《中華人民共和國食品安全法》) • Guidelines for Canteen Safety of Higher Education Institutions (《普通高等學院食堂安全工作指南》) • Regulation on Hygiene Administration of School Canteens and Collective Dining of Students (《學院食堂及學生集體用餐衛生管理規定》) • Intellectual Property Law of the PRC (《中華人民共和國知識產權法》) • Trademark Law of the PRC (《中華人民共和國商標法》) • Advertisement Law of the PRC (《中華人民共和國廣告法》)	During the reporting period, there were no violations of relevant laws and regulations that have a significant impact on the Group.
Anti-corruption	• Company Law of the PRC (《中華人民共和國公司法》) • Anti-laundering Law of the PRC (《中華人民共和國反洗錢法》) • Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》)	During the reporting period, there were no corruption lawsuits against the Group or its employees, and there were no violations of relevant laws and regulations that have a significant impact on the Group.

Anti-corruption

The Group commits to operating its business in an honest, ethical and creditable manner and adopts a zero-tolerance policy against any form of corruption, including bribery, extortion, fraud and money laundering. All Directors and employees are required to adhere to the ethical standards and guidelines set out in the Employee Handbook (《員工手冊》) and the code of conduct. Directors and employees above the level of managers should sign the Work Atmosphere Commitment and ensure no potential illegal behaviors are involved during procurement. In addition, suppliers must abide by the relevant provisions as outlined in the agreements.

To promote business integrity, employees are encouraged to report any suspected misconduct or malpractice to the human resources department of the head office. All complaints will be handled with confidentiality and informants will be protected from victimization. The complaints will be evaluated by the relevant officers to determine corresponding remediation solutions.

The Company organizes anti-corruption training for Directors on an annual basis. All employees and faculty receive fundamental training on the relevant laws and regulations to enhance their awareness. Teaching morality training are specially arranged for teachers aiming at continuously improving legal awareness. In addition, a moral risk assessment towards each position is conducted to identify positions that are easily exposed to moral hazards. Specific training is provided for employees of high-risk positions.

Going forward, the Group will continue to review and expand the scope of data disclosure of anti-corruption training.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial when identifying and managing issues that are of significance to improving the Group's ESG performance and business practices. The Group regularly engages its stakeholders through multifarious communication channels to understand their needs and priorities and identify areas for improvement.

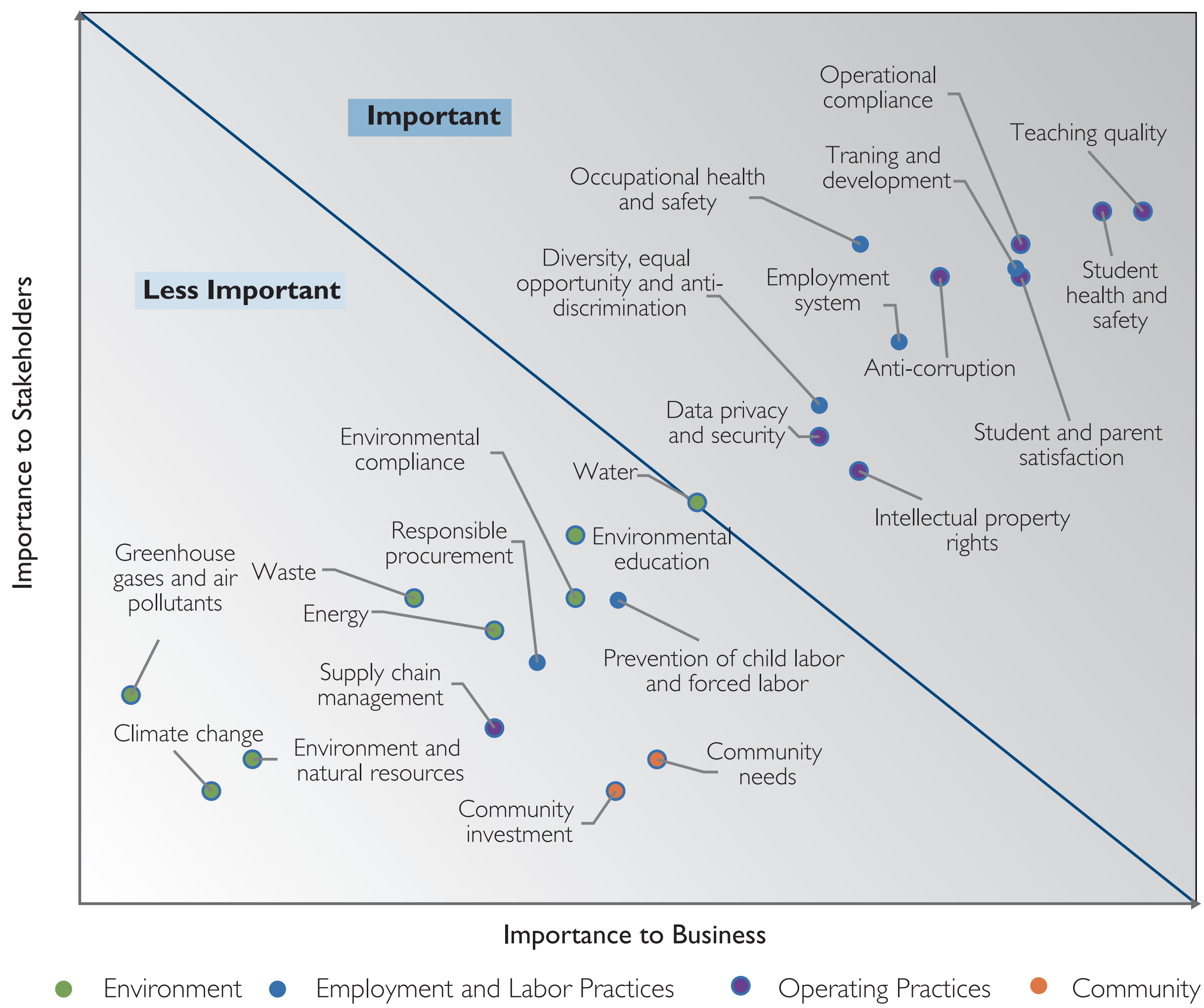
Key stakeholder groups	Focus areas	Communication channels
Investors/shareholders	• Stable investment returns • Compliance operation and management • Sustainable development and risk control	• General meeting • Announcements, news release and periodic reports • Investor relations roadshow, enquiry hotline and email • Corporate website
Teachers/Employees	• Strengthen teachers' professional skills • Improve employee benefits • Safeguard occupational health and safety • Promotion and development • Improve the teaching/working environment	• Regular meetings • Training and staff activities • Evaluation • Internal exchange forum • WeChat and email direct communication channel

Key stakeholder groups	Focus areas	Communication channels
Students/parents	• Teaching quality • Campus life and social practice • School safety and physical and mental health guarantee • Employment rate	• Regular class meetings • Satisfaction surveys • WeChat and email direct communication channel • Enquiry hotline
Government and regulatory institutes	• Observe laws and regulations • Legal and compliance operation and management • Legitimately tax	• Government communication • Periodic reports • Irregular inspections
Suppliers/partners	• Fair competition and dealing • Dealing with integrity • Mutual benefit and long-term cooperation • Product quality assurance	• Regular reviews and assessments • Site visits • Exchange meetings • Continuous direct communication
Community public	• Community fusion • Public welfare projects • Community return	• Community and public welfare activities, sponsorship and donation • Corporate website • Enquiry hotline

MATERIALITY ASSESSMENT

During the reporting period, the Group conducted a materiality assessment with the assistance of an independent consultancy to identify ESG issues that are important to its stakeholders and business.

1. Identify relevant ESG issues
   - 24 relevant ESG issues, covering "Environment", "Employment and Labor Practices", "Operating Practices" and "Community", were identified by reviewing the ESG Reporting Guide, past engagement results and market trends.
2. Collect stakeholders' feedback
   - A stakeholder survey was distributed and collected from the Board and senior management for analysis.
3. Determine material ESG issues
   - A materiality matrix was developed based on the survey results. 11 out of 24 issues were prioritized as material issues.
4. Validation
   - The results of materiality assessment were presented to the Board and senior management for review and confirmation. 11 issues were validated as material ESG issues for the Group to address and report on.



The materiality of 24 ESG issues was mapped at the matrix. 11 important issues were found at the top right quadrant and prioritized as material to the Group.

Looking ahead, the Group will continue to explore ESG issues that are important to the Group and extend the coverage of stakeholders in the survey to understand and meet their needs in a more comprehensive way.

VALUING OUR PEOPLE

High quality faculty and competent team are the core competitiveness of the Group. With this in mind, the Group strives to create a safe and healthy workplace with care, fairness and diversity where employees are also given the opportunities to learn and develop their careers.

Cultivating a Workplace of Choice

The Employee Handbook stipulates the policies and measures on remuneration and dismissal, recruitment and promotion, working hours, rest days, anti-discrimination and other welfare and benefits. Administrative Measures on Labor Contracts and Social Insurance (《勞動合同和社會保險管理辦法》) is formulated to safeguard the legitimate interests of employees and restrain any form of discrimination. The Group will continue to review and enhance its employment policies for creating an inclusive and fair working environment.

To strengthen the cohesion and sense of belonging of faculty, the Group organizes various sports and entertainment events on an occasional basis, such as fun sports, mountain-climbing and outings, visit to old revolutionary areas and social gathering, to enrich employee's leisure life.

Remuneration and benefits	• Establish a reasonable remuneration system that aligns with the development of the Group • Provide competitive welfare and benefits, such as payment of pension, medical, maternity and unemployment insurances and housing funds, birthday allowance, consolation money benefiting closed family members, physical check for significant abnormalities and reimbursement • Offer housing estates or apartments leased near campus sites to faculty to reduce their commuting time
Working hours and leave arrangement	• Stipulate the working days and time arrangement of employees • Apart from statutory holidays, employees are entitled to various paid leaves, such as annual leave, maternity leave and paternity leave
Recruitment and promotion	• Formulate talent recruitment mechanism for setting out recruitment principles and selecting suitable high quality talents • Examine the documents and information of candidates during interviews and directly weed out those whose qualification or certificates are identified fake • Protect employees' rights to terminate their labor contracts through established procedures • Seek to understand the reasons for any resignation through the relevant departments • Keep abreast of the reform of professional and technical titles evaluation system of colleges and universities • Encourage teachers to actively apply for various professional and technical titles
Equal opportunity	• Ensure impartial and equal promotion opportunities for each employee through administrative measures on performance incentives and evaluation of school operations and employees

Anti-discrimination and complaint system	• Implement Administrative Measures on Labor Contracts and Social Insurance to protect employees from discrimination • Complaints can be raised to the human resources department for which will be handled confidentially and evaluated by relevant officers to determine corresponding actions
Labor standards	• Prohibit the hiring of child labor and forced labor through establishing a human resources management system • Verify the identity of applicants during the recruitment process • Regularly investigate the recruitment process and verify the age of employees • Conduct investigation if any child labor or forced labor is found and undertake corrective actions

Encouraging Learning and Development

The Group attaches importance to the development of teachers' ability. A set of guidelines and measures are established to enhance the overall quality and teaching standard of faculty. To facilitate learning and development, guidance and reviews are offered to assist faculty in developing teaching proposals and practicing teaching. Competitions, professional analyses and exchange activities are held among the schools to promote experience sharing. Teachers are selected to participate in special study and training programs organized by other institutes. They are also encouraged to lead students in participating in technology and skills competitions, thus realizing aspects that can improve on in both teaching and learning.

For data of employment and training, please refer to the section "Performance Data – Social Performance".

Ensuring Occupational Health and Safety

The Group considers employees' health and safety as one of its top priorities. A variety of management procedures are formulated which outlines the management systems and guidelines on areas such as food hygiene, fire safety, security and healthcare. Please refer to the section "Achieving Operational Excellence — Enhancing Education Quality and Learning Experience" for more details.

During the reporting period, there were no work injury incidents. There were no work-related fatalities recorded in the past three reporting years.

ACHIEVING OPERATIONAL EXCELLENCE

The Group considers "realizing the growth and success of students" as its core function and aspiration on top of fulfilling the ethical standards in operations. The Group strives to provide comprehensive education solutions to students who are about to step into the society through delivering quality education, innovating future-oriented education model, enhancing education resources and learning experience.

Enhancing Education Quality and Learning Experience

A teaching management committee comprising education experts was established with the aim to achieving high quality education through strengthening teachers' ability and specialty development, and innovating cultivation model. Considering teaching supervision and evaluation as an important link of closed-loop management for teaching quality improvement, a company-wide school supervision team is in place to evaluate teaching practices through inspections and propose practical recommendations.

To stimulate personality and skills development, students are encouraged to participate in undergraduate innovation and entrepreneurship projects, as well as various competitions under teacher guidance. Apart from organizing its own innovation and technology competitions and patent application activities, the Group seek to collaborate with enterprises to enhance students' immersive experience through broadening employment channels and providing practical resources.

The feedback of students, parents and teachers is crucial for assessing and enhancing school management. The Group put in place a comprehensive mechanism and guidelines for collecting and handling feedback and opinions, including setting up direct communication channels such as Weibo, WeChat and BBS of school for students, parents and teachers. The Group classifies and distributes the issues to relevant institutions for handling, identifies responsible leaders and sets a deadline for rectification. There were no major complaints during the reporting period.

During the reporting period, JUAS, Guizhou Institute, and Jishi College were under construction for expanding their capacity. The Schools also received various awards on national, provincial and municipal levels for teaching achievements, including the first-class grading in the National Math Ability Challenge Competition Final (第三屆全國高等院校數學能力挑戰賽決賽一等獎), first-class grading in the "Datang Cup" National College 5G Technology Competition (Province Final) (「大唐杯」全國大學生移動通信5G技術大賽省賽大學組一等獎) and first-class grading in the "Lanqiao Cup" National Software and Information Technology Professional Competition (Software) (Province Division) (第十三屆藍橋杯全國軟件和信息技術專業人才大賽(軟件類)江西賽區大學組一等獎等). The JUAS Museum of Natural History was awarded as a "National Science Popularization Education base of year 2021-2025".

Safeguarding Health and Safety on Campus

Placing a priority on health and safety of students and teachers, the Group constantly monitors risk factors that adversely affect their physical and mental health. To prevent and minimize the risks of safety incidents, a series of safety management systems, guidelines and measures are formulated in the following areas, and regular safety inspections across campuses are conducted.

Food safety	• Establish food safety system and the Guidelines and Measures on Food Safety Management (《食品安全管理準則與辦法》) • Supervise operations in canteens to ensure food hygiene from procurement and storage of raw materials, staff management, food sample retention to tableware disinfection
Fire safety	• Formulate the College Fire Management System (《學院消防管理制度》) and the Fire Control Room Management System (《消防控制室管理制度》) • Arrange security personnel to conduct inspections on campus every day • Perform special inspections on fire safety and equipment at key places such as dormitory, teaching and training buildings • Provide training on fire safety for students and faculty • Toxic and inflammable chemicals are required to be stored and handled properly by responsible personnel

Security	•	Establish management guidelines on security and a security leading group in each school
	•	Strengthen emergency prevention and intervention to prevent and reduce various types of security incidents
Healthcare	•	Offer routine medical care services to students and faculty on campus by collaborating with local qualified hospital
	•	Regularly organize seminars and workshops to promote healthy living habits, personal hygiene and disease prevention to enhance health awareness and self-care ability of students and faculty

Upholding Ethical Practices

Protecting data privacy and intellectual property

The importance of data privacy continues to grow amid increasing use of data and technological advancement. Owning a large student base, the Group strives to properly manage and protect data privacy and intellectual property rights in its operations. The Group put in place the management guidelines on confidentiality and internet and computer safety, as well as the School Roll and Academic Credentials Administrative Measures (《學籍學歷管理辦法》). All employees are required to adhere to all relevant laws and regulations and are prohibited to disclose relevant data on school roll without prior consent of the responsible personnel of academic affairs, except necessary work requirements of the relevant posts. Antivirus and internet protection software is installed for servers and computers, while regular reminders on suspicious emails and antivirus software updates are sent to employees to maintain information security.

The Group respects intellectual property rights of others through dynamic monitoring. Schools are required to purchase authorized textbooks and relevant reference books. During the reporting period, the Group did not have any complaint or significant case on the leakage of personal data.

Managing supply chain

To ensure the performance of suppliers meets the Group's requirements, a set of management measures are established along the procurement process, from supplier selection, assessment and monitoring, where environmental and social considerations are incorporated as applicable. In the process of product procurement, environmental and social factors, such as energy saving, are included in the evaluation criteria. For suppliers providing engineering services, project requirements on environmental protection, construction safety and labor protection are set in addition to reviewing their qualifications and project experience. For data of suppliers, please refer to the section "Performance Data — Social Performance".

Understanding that identification and management of environmental and social risks in the supply chain contribute to a more resilient supply chain management, the Group will further improve its relevant policies and processes in the future to achieve a more stable and sustainable development.

CARING FOR THE COMMUNITY

While pursuing its own development, the Group constantly bears in mind the support and trust given by all sectors of the society. As a responsible corporate providing education services, the Group has always upheld the mission of "educating people with good morals" and is dedicated to continuously improving the sense of social responsibility in employees and students and supporting social welfare undertakings by harnessing its strengths and educational resources.

During the reporting period, the Group mobilized a series of volunteer activities focusing on three areas, including supporting local education and development, caring for the elderly and promoting environmental protection.

Supporting Local Education and Development

Caring for the next generation is a long-term cause. All children need love and care for their holistic development. "Colorful Holiday" is a nationwide campaign organized by the Chinese Young Volunteers Association in China to mobilize youngsters to carry out volunteer services during summer vacation, targeting left-behind children in rural areas, children of urban migrants and children of front-line anti-epidemic personnel. More than 4,500 teams submitted proposals and a total of 1,000 were selected as demonstration teams to realize their proposals. Being one of the demonstration teams, the volunteer service team of JUAS organized a series of class activities to popularize financial knowledge among young children, offering them guidance on life and financial planning.

Students majoring in physical education and sports from JUAS initiated sport volunteer service in two local primary schools to develop self-confidence and unlock athletic potential in children from rural areas, guiding the left-behind and disadvantaged one to maintain positive attitude towards study and life. Another group of students of JUAS also volunteered to visit a local primary school and led interactive activities and a paper folding craft class for children, with the aim to introducing art and craft and helping them improve hand-eye coordination and hand control abilities.

The "AI Boosts Rural Revitalization" volunteer group of the School of Artificial Intelligence and students majoring engineering of JUAS set up service stations in villages to provide free maintenance service for home appliances, contributing to rural revitalization and technological improvement by making full use of their professional skills.

Caring for the Elderly

Students of JUAS visited the elderly in the residential community to offer them care through singing songs, sending gifts and assistance in cleaning their homes.

Promoting Environmental Protection

Students of JUAS participated in the "Let's Protect the Mother River" (河我一起，保護母親河) action, making a call among the community for environmental protection by being a practitioner and city changer.

To leverage its expertise to care for and serve the community, the Group will continue to review and enhance the community investment strategies for identifying the needs of the community and ways to bring positive impacts to the society.

MANAGING ENVIRONMENTAL FOOTPRINT

Climate change brings a variety of undeniable impacts to the economy and society. The Group responds to this global challenge through managing the environmental impacts and resource utilization in its operations. Despite that its operations do not pose significant impacts on the environment and natural resources, the Group ensures it operates in compliance with the relevant environmental laws and regulatory requirements. In addition to enhancing resource efficiency as far as practicable, the Group promotes awareness and behavior change towards sustainable development among employees and students to amplify collective efforts.

The Group implements guidelines such as Energy and Water Conservation Management Guidelines to provide guidance in these areas to all employees. Management guidelines are formulated for fixed assets, which set out full cycle provisions from material application, transfer of new assets, continuous management of assets, checking of inventory, maintenance of assets to disposal of scrapped assets. With the implementation of supervision and inspection system, departments are required to take appropriate measures to save resources and minimize wastage. Annual management objectives are developed for consumables associated with operations. In addition, the Group set energy consumption management targets and track the progress by analyzing monthly energy consumption for enhancing management. The Group will continue to review and enhance its data disclosure for tracking and comparison of environmental performance.

As the influence of climate change grows, the Group understands that its business and assets might be exposed to various physical and transitional risks. In the future, the Group will establish corresponding mechanisms and policies to further identify, evaluate and address the risks and opportunities brought by climate change and enhance the resilience of its business.

Managing Emissions

Carbon and air emissions

To reduce carbon and air emissions, the Group encourages its employees to replace business travel with video conference or teleconferencing, use public transport more often and switch off idling car engines. For office vehicles and school buses, the Group switches to electric vehicles, performs regular inspections and maintenance to ensure vehicle efficiency, and closely monitors and manages the usage of vehicles.

During the reporting period, the Group engaged an independent consultancy to conduct a carbon assessment for quantifying the greenhouse gas emissions ("**GHG emissions**" or "**carbon emissions**") generated from its operations. The Group's total carbon emissions were 15,000.76 tonne CO_2-e and the carbon intensity was 6.36 tonne CO_2-e per employee and 0.01 tonne CO_2-e per m^2 area. The Group's carbon emissions were mainly from Scope 2 energy indirect emissions, which accounted for about 92.19% of the total emissions, followed by Scope 1 direct emissions, which accounted for about 7.81% of the total emissions.

Air emissions included 672.83 kg of nitrogen oxides, 1.06 kg of sulphur oxides and 35.01 kg of particulate matter. Air pollutants are mainly generated from combustion of diesel, petrol and natural gas of machineries and stoves, and burning of petrol from vehicles.

Waste

The Group is well aware of the environmental impacts of waste and strives to minimize waste generation in its operations. Recycling bins are put in place across campuses, while students and teachers are encouraged to recycle as far as possible.

Non-hazardous waste such as domestic waste are sent to municipal waste treatment units after sorting, while food waste collected are transported and handled by qualified third parties. Hazardous waste such as abandoned light tubes and batteries are separately collected and handed over to qualified third parties for further processing. In addition, a small amount of medical waste generated in college dispensaries are to be disposed by qualified third parties after volume record by doctors.

During the reporting period, the Group generated a total of 0.12 tonnes of hazardous waste and 281.01 tonnes of non-hazardous waste. The intensity of hazardous waste and non-hazardous waste was 0.00005 tonnes per employee and 0.12 tonnes per employee respectively.

Wastewater

The domestic sewage generated by operations is discharged to urban sewage treatment plants through municipal sewage pipe networks.

Conserving Resources

Energy and water are natural resources on earth that are valuable and central to human wellbeing. The Group encourages prudent use of energy, water and other natural resources and minimization of wastage among its employees and schools. In addition, a series of measures are implemented by the Group to improve resources efficiency.

Energy	• Employ an energy registration system to track daily consumption level and identify any abnormal situations for immediate corrective actions • Switch to electric vehicles for office vehicles and school buses, conduct regular inspections and maintenance to ensure vehicle efficiency, and monitor and manage the usage of vehicles • Switch off decorative lights and garden lamps on campuses, except for special needs • Adjust the operating hours of street lights according to daily weather forecast to utilize natural light to the maximum extent, and turn off half of the street lights after 11:00 p.m. • Install sound-control switches for lightings in public areas • Carry out energy-saving transformation of cooking utensils and purging systems in canteens • Perform regular inspection and maintenance of energy-consuming equipment to maintain efficiency • Actively promote online repair system among schools to enable more timely and efficient maintenance
Water	• Install water saving faucets • Perform regular inspection and maintenance to ensure proper functioning of water pipes and equipment • Actively promote online repair system among schools to enable more timely and efficient maintenance

Energy use

During the reporting period, the total energy consumption was 26,244.96 GWh and the energy intensity was 11.14 GWh per employee and 0.01 GWh per m^2 area. The total electricity consumption was 23,802.15 GWh, while other energy consumption included diesel, petrol and natural gas.

Water

The Group uses water mainly for domestic purposes and kitchen in its daily operations. During the reporting period, the Schools and operation sites of the Group mainly obtained water from local governments and did not encounter any issues in sourcing water that is fit for purpose. The total water consumption was 943,100.00 tonnes, and the water intensity was 400.30 tonnes per employee and 0.53 tonnes per m^2 area.

PERFORMANCE DATA

Environmental performance

	Total	Unit
***Air emissions*[1]**		
Nitrogen oxides (NOx)	672.83	kg
Sulphur oxides (SOx)	1.06	kg
Particulate matter (PM)	35.01	kg
***GHG emissions*[2]**		
Scope 1	1,171.71	tonne CO_2-e
Scope 2	13,829.05	tonne CO_2-e
Total	15,000.76	tonne CO_2-e
Intensity (per employee)	6.36	tonne CO_2-e/employee
Intensity (per m^2 area)	0.01	tonne CO_2-e/m^2
Waste		
Hazardous waste		
Abandoned light tube	0.03	tonne
Used printer toner cartridge	0.02	tonne
Used battery	0.01	tonne
Used toner box	0.01	tonne
Medical waste	0.05	tonne
Total	0.12	tonne
Intensity (per employee)	0.00005	tonne/employee
Non-hazardous waste		
Domestic garbage	73.30	tonne
Kitchen garbage	130.00	tonne
Paper waste to landfill	71.01	tonne
Recycled paper	3.40	tonne
Recycled metal	1.50	tonne
Recycled plastic	1.80	tonne
Total	281.01	tonne
Intensity (per employee)	0.12	tonne/employee

1 Calculation of air emissions referenced "Technical Guidelines for Compilation of Road Motor Vehicle Emissions Inventory (Trial)" (道路機動車大氣污染物排放清單編制技術指南(試行)) and "Technical Guidelines for Compiling Primary Source Emission Inventory of Atmospheric Inhalable Particulate Matter (Trial)" (大氣可吸入顆粒物一次源排放清單編制技術指南(試行))

2 Calculation of GHG emissions referenced "Appendix 2: Reporting Guidance on Environmental KPIs" by the Stock Exchange, "Appendix 2: Reporting Guidance on Environmental KPIs" and "Emission Factors for Greenhouse Gas Inventories" by United States Environmental Protection Agency, and "Sixth Assessment Report" by United Nations Intergovernmental Panel on Climate Change

	Total	Unit
Energy consumption		
Direct energy		
Diesel	90.72	GWh
Petrol	679.17	GWh
Natural gas	1,672.92	GWh
Indirect energy		
Purchased electricity	23,802.15	GWh
Total	26,244.96	GWh
Intensity (per employee)	11.14	GWh/employee
Intensity (per m^2 area)	0.01	GWh/m^2
Water consumption		
Total	943,100.00	tonne
Intensity (per employee)	400.30	tonne/employee
Intensity (per m^2 area)	0.53	tonne/m^2
Paper consumption		
Total	74.41	tonne
Intensity (per employee)	0.03	tonne/employee
Packaging material		
Paper bag	1.30	tonne
Plastic bag	2.60	tonne
Total	3.90	tonne

Social performance

Employment Employee Profile	Number	%
By gender		
Male	1,101	46.73%
Female	1,255	53.27%
By employment type		
Full-time	2,038	86.50%
Part-time	318	13.80%
By employee rank		
General	2,146	91.08%
Middle	162	6.88%
Senior	48	2.04%
By age group		
30 years old or below	1,172	49.74%
31–50 years old	945	40.11%
51 years old or above	239	10.14%
By geographical region		
Jiangxi Province	1,641	69.65%
Outside Jiangxi Province	715	30.35%
Total	2,356	–

New Employees[3]	Number	%
By gender		
Male	304	27.61%
Female	552	43.98%
By employee rank		
General	853	39.75%
Middle	2	1.23%
Senior	1	2.08%
By age group		
30 years old or below	730	62.29%
31–50 years old	99	10.48%
51 years old or above	27	11.30%
By geographical region		
Jiangxi Province	710	43.27%
Outside Jiangxi Province	146	20.42%
Total	856	36.33%

3 New hire rate = number of new employees/total workforce at the end of the reporting period x 100

Employee Turnover[4]	Number	%
By gender		
Male	133	12.08%
Female	158	12.59%
By employee rank		
General	273	12.72%
Middle	16	9.88%
Senior	2	4.17%
By age group		
30 years old or below	178	15.19%
31–50 years old	78	8.25%
51 years old or above	35	14.64%
By geographical region		
Jiangxi Province	190	11.58%
Outside Jiangxi Province	101	14.13%
Total	291	12.35%

Training and Development Employees Trained[5]	Number	%
By gender		
Male	637	57.86%
Female	750	59.76%
By employee rank		
General	1,259	58.67%
Middle	94	58.02%
Senior	34	70.83%
Total	1,387	58.87%

4 Employee turnover rate = number of employees resigned/total workforce at the end of the reporting period x 100

5 Percentage of employees trained = number of employees trained of the category during the reporting period/total workforce of the category at the end of the reporting period x 100

Average Training Hours[6]	Number
By gender	
Male	40.18
Female	44.33
By employee rank	
General	43.42
Middle	29.04
Senior	41.58
Total	42.39

Suppliers	Number
By geographical region	
Beijing	4
Fujian Province	2
Guangdong Province	3
Guizhou Province	17
Hebei Province	1
Henan Province	7
Jiangxi Province	228
Shaanxi Province	3
Sichuan Province	2
Zhejiang Province	7
Total	274

[6] Average training hours = total hours of training received by employees of the category during the reporting period/total workforce of the category at the end of the reporting period

ESG REPORTING GUIDE CONTENT INDEX

Aspects	Description	Page/Remark
A1 Emissions		
General Disclosure	Information on:	
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	48–49, 60
A1.1	The types of emissions and respective emissions data.	61, 63
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	61, 63
A1.3	Total hazardous waste produced and intensity.	61, 63
A1.4	Total non-hazardous waste produced and intensity.	61, 63
A1.5	Description of emission target(s) set and steps taken to achieve them.	48, 60–62
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	48, 60–61
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	48, 60
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	62, 64
A2.2	Water consumption in total and intensity.	62, 64
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	48, 60, 62
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	48, 60, 62
A2.5	Total packaging material used for finished products and per unit produced.	64

Aspects	Description	Page/Remark
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	48, 60
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	60
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	48, 60
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	60
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	48–49, 54–55
B1.1	Total workforce by gender, employment type, age group and geographical region.	65
B1.2	Employee turnover rate by gender, age group and geographical region.	66

Aspects	Description	Page/Remark
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	48, 50, 55–57
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	55
B2.2	Lost days due to work injury.	55
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	55–57
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	48, 55
B3.1	The percentage of employees trained by gender and employee category.	66
B3.2	The average training hours completed per employee by gender and employee category.	67
B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	48, 50, 54–55
B4.1	Description of measures to review employment practices to avoid child and forced labor.	55
B4.2	Description of steps taken to eliminate such practices when discovered.	55

Aspects	Description	Page/Remark
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	48, 57–58
B5.1	Number of suppliers by geographical region.	67
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	57–58
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	57–58
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	57–58
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	48, 50, 55–57
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable; the Group did not involve product recalls for safety and health reasons in its operations.
B6.2	Number of products and service-related complaints received and how they are dealt with.	56–57
B6.3	Description of practices relating to observing and protecting intellectual property rights.	57
B6.4	Description of quality assurance process and recall procedures.	56–57
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	57

Aspects	Description	Page/Remark
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	48, 50, 51
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	50
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	51
B7.3	Description of anti-corruption training provided to directors and staff.	51
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	48, 58
B8.1	Focus areas of contribution.	58–60
B8.2	Resources contributed to the focus area.	58–60

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 31 August 2022, we operated four Schools, comprising (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

We offer undergraduate college programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 31 August 2022, our Schools had 29,049 enrolled students, consisting of 8,802 undergraduate students, 13,722 junior college students, 5,114 vocational school students and 1,411 high school students. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.

The Company is the holding company of our Group and was incorporated in the Cayman Islands on 25 May 2018. The activities and particulars of our Company are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and consolidated statement of profit or loss.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 August 2022, which includes a discussion of the principal challenges and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the Reporting Period, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has engaged professional service firms for advices regarding compliance matters with various jurisdictions which the Group's subsidiaries operate, and has kept a close watch on any new laws or regulatory changes.

During the Reporting Period and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company in material respects.

DIRECTORS' REPORT

RESULTS AND DIVIDEND

The consolidation results of the Group for the Reporting Period are set out on pages 102 to 107 of this annual report. The Board does not recommend the payment of a final dividend for the year ended 31 August 2022.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain Shareholder's entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 20 January 2023 to Monday, 30 January 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2023 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 19 January 2023.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years and the Reporting Period is set out on page 8 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the Reporting Period are set out in the Consolidated Statement of Change in Equity of this annual report and in notes 24 and 36 to the consolidated financial statements.

As at 31 August 2022, the Company's share premium available for distribution to Shareholders amounted to approximately RMB433.8 million (31 August 2021: RMB433.8 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DIRECTORS' REPORT

DIRECTORS

The Board consists of the following Directors during the Reporting Period and up to the date of this annual report:

Executive Directors

Mr. Huang Yulin *(Chairman and CEO)*
Mr. Wang Shenghua
Mr. Liu Chunbin
Mr. Yang Ruichen *(CFO)*
Mr. Wang Li
Ms. Gan Tian

Non-executive Director

Mr. Li Cunyi

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 11 to 15 in the section headed "Profiles of Directors and Senior Management" to this annual report.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, the Company has requested each of the Directors to disclose to the Company, the number and the nature of their offices held in public companies and other significant commitments.

Directors' service contract

Each of the executive Directors has entered into a service agreement with the Company. Each of Mr. Huang Yulin, Mr. Wang Li and Ms. Gan Tian has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either the Director or the Company. Each of Mr. Yang Ruichen, Mr. Wang Shenghua and Mr. Liu Chunbin has signed a service agreement with the Company for an initial term of three years commencing from 7 July 2021, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the respective service agreement, each of the executive Directors will not receive any director's fee or other emoluments.

The non-executive Director Mr. Li Cunyi has signed a service agreement with the Company for an initial term of one year commencing from 7 July 2021, which is renewable automatically for successive terms of one year, until terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the service agreement, Mr. Li Cunyi will not receive any director's fee or other emoluments.

Each of the independent non-executive Directors, except Mr. Sy Lai Yin, Sunny, has signed an appointment letter with the Company for an initial term of three years commencing from the Listing Date, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either of the Director or the Company. Mr. Sy Lai Yin, Sunny, has signed a service agreement with the Company for an initial term of one year commencing from 7 July 2021, which is renewable automatically for successive terms of one year, until terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the respective appointment letters or service agreement, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors (including the Directors proposed for re-election at the 2023 AGM) have a service contract/service agreement with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONTRACT WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2022, save as disclosed in the paragraph headed "Non-exempt Continuing Connected Transactions" below in this report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the Reporting Period or subsisted at the end of the Reporting Period and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the consolidated financial statements, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the Reporting Period.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 37 and note 9 to the consolidated financial statements in this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors had waived any emoluments for the Reporting Period.

Except as disclosed above, no other payments had been made or were payable, for the Reporting Period, by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Relationship with our Controlling Shareholders" in the Prospectus, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background

We currently conduct our private education and vocational education business through our Consolidated Affiliated Entities in the PRC. In the PRC, private education is subject to certain foreign ownership restrictions. Under applicable laws and regulations, foreign-invested education institutions offering higher education and vocational education must be operated in the form of Sino-foreign cooperation, and the applicable PRC laws and regulations also impose certain qualification requirements on the foreign investors of Sino-foreign joint venture private schools. As the PRC government usually does not approve the establishment of Sino-foreign joint venture private schools as a matter of practice, we are unable to directly hold, and do not hold, any equity interest in our Consolidated Affiliated Entities. In order to comply with the applicable PRC legal and regulatory restrictions, we will obtain control over, and derive economic benefits from, our Consolidated Affiliated Entities through the use of Contractual Arrangements.

PRC laws and regulations relating to foreign ownership in the Education Industry

Negative List

Pursuant to the Special Administrative Measures for Entrance of Foreign Investment (2020 Version) (外商投資准入特別管理措施（負面清單）(2020年版)) (the "**Negative List**"), the provision of higher education in the PRC falls within the "restricted" category. The Negative List also explicitly provides that foreign investment in higher education must be operated in the form of Sino-foreign cooperation, whereby the foreign investor shall operate higher education in the PRC through cooperation with a PRC education institution. In addition, the Negative List also requires that the domestic party shall play a dominant role in the Sino-foreign cooperation, which is generally understood to mean that (a) the principal or other chief executive officers of the schools shall be PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative education institution (the "**Foreign Control Restriction**"). As confirmed by our PRC legal advisor, we are in compliance with the Foreign Control Restriction in respect of our Consolidated Affiliated Entities on the basis that (a) the principals and chief executive officers of our Consolidated Affiliated Entities are all PRC nationals; and (b) all members of the board of directors of our Consolidated Affiliated Entities are PRC nationals.

Sino-Foreign Cooperation

Under the Regulation on Sino-Foreign Cooperation Operating Schools (《中華人民共和國中外合作辦學條例》), if we were to apply to convert JUAS and/or Jishi College to a Sino-foreign joint venture private school ("**Sino-Foreign Joint Venture Private School**"), the foreign investor in our Schools must be a foreign education institution which is appropriately qualified in providing quality education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implement Opinions, the foreign portion of the total investment in the Sino-Foreign Joint Venture Private School should be below 50%. Our PRC legal advisor has advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as the length of experience and the form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

Updates to the plan to comply with the Qualification Requirement

As disclosed in the prospectus, We have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors towards demonstrating compliance with the Qualification Requirement. In August 2018, we entered into a consulting service agreement with an international education consultant, who is an Independent Third Party, with an aim to establish and operate an academic degree granting university (the "**University**") in the State of California, the United States. We have submitted a formal application to the Bureau for Private Postsecondary Education. As at the date of this report, the application is still in process.

Summary of the Contractual Arrangements

The Contractual Arrangements which were in place during the Reporting Period are as follows:

1. the exclusive business cooperation agreement dated 15 September 2018, pursuant to which Chen Lin Education Science shall provide technical services, management support and consulting services to JUAS and Nanchang Di Guan, and JUAS and Nanchang Di Guan agreed to pay Chen Lin Education Science a service fee equal to all of their respective amount of surplus from the operations (after deducting necessary costs and reasonable expenses) (the "**Exclusive Business Cooperation Agreement**").

2. The exclusive call option agreement dated 15 September 2018, pursuant to which each of the Registered Shareholders and Nanchang Di Guan unconditionally and irrevocably agreed to grant Chen Lin Education Science or its designated third party an exclusive option to purchase all or part of the equity interests in Nanchang Di Guan, or Nanchang Di Guan's sponsor's interest in JUAS, as the case may be for the minimum amount of consideration permitted by applicable PRC laws and regulations (the "**Exclusive Call Option Agreement**").

3. The equity pledge agreement dated 15 September 2018, pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interests in Nanchang Di Guan to Chen Lin Education Science as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements (the "**Equity Pledge Agreement**").

4. The shareholders' voting rights entrustment agreement and powers of attorney dated 15 September 2018, pursuant to which each of the Registered Shareholders has unconditionally and irrevocably authorised and entrusted Chen Lin Education Science or its designated person to exercise all of his/her/their respective rights as shareholders of Nanchang Di Guan to the extent permitted by the PRC laws (the "**Shareholders' Voting Rights Entrustment Agreement and Powers of Attorney**").

5. The school sponsor's and directors' rights entrustment agreement and powers of attorney dated 15 September, 2018, pursuant to which Nanchang Di Guan has irrevocably authorized and entrusted Chen Lin Education Science or its designated person to exercise all its rights as the sponsor of JUAS to the extent permitted by the PRC laws; and each of the directors of JUAS appointed by Nanchang Di Guan has irrevocably authorized and entrusted Chen Lin Education Science or its designated person to exercise all his/her rights as directors of JUAS as appointed by Nanchang Di Guan and to the extent permitted by PRC laws (the "**School Sponsor's and Directors' Rights Entrustment Agreement and Powers of Attorney**").

Further, (1) upon the completion of the acquisition of Jishi College, on 23 December 2020, Ruicheng Education and Jishi College have entered into the letters of undertaking of the Contractual Arrangements (the "**LOUs**"). Pursuant to the LOUs, Ruicheng Education and Jishi College have agreed to be subject to the terms and conditions of the Contractual Arrangements; (2) upon the completion of the acquisition of Guizhou Institute on 30 April 2021, Guizhou Xikai and Guizhou Institute have entered into the LOUs. Pursuant to the LOUs, Guizhou Xikai and Guizhou Institute have agreed to be subject to the terms and conditions of the Contractual Arrangement; and (3) upon the completion of the acquisition of Yu Ren High School, Henan Kunren and Yu Ren High School have entered into the LOUs on 31 July 2021. Pursuant to the LOUs, Henan Kunren and Yu Ren High School have agreed to be subject to the terms and conditions of the Contractual Arrangement.

During the Reporting Period, the amount of transactions contemplated under the Contractual Arrangements was nil.

Significance and financial contributions of the Consolidated Affiliated Entities

Pursuant to the Contractual Arrangements, the Group obtains control over and drives the economic benefits from the consolidated affiliated entities. The following table sets out the financial contribution of the Consolidated Affiliated Entities:

	Significances and financial contribution to the Group					
	Revenue		Net profit/(loss)		Total assets	
	For the year ended 31 August 2022 RMB'000	For the eight months ended 31 August 2021 RMB'000	For the year ended 31 August 2022 RMB'000	For the eight months ended 31 August 2021 RMB'000	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000
Consolidated Affiliated Entities	**514,850**	217,239	**20,931**	(3,952)	**3,330,372**	2,579,625

Risks associated with the Contractual Arrangements

For risks associated with the Contractual Arrangements, please see the section headed "Risk Factors — Risks Relating to our Contractual Arrangements" in the Prospectus for details.

Material change in relation to the Contractual Arrangements

During the Reporting Period, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Unwinding the Contractual Arrangements

The Company will unwind the Contractual Arrangements as soon as the laws allows the business of the Consolidated Affiliated Entities to be operated without the Contractual Arrangements.

However, during the Reporting Period, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements had been removed.

Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that during the Reporting Period, (i) no transaction pursuant to the Contractual Arrangements had been carried out during the year ended 31 August 2022; (ii) no dividends or other distributions have been made by Nanchang Di Guan to the holders of its equity interest which are not otherwise subsequently assigned or transferred to our Group; (iii) apart from the disclosure above, no contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities; and (iv) the Contractual Arrangements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Confirmation of the Auditor

The Company was listed on the Stock Exchange on 13 December 2019 and the Contractual Arrangements in place are same as those set out in the Company's prospectus dated 27 November 2019. However, there is no transaction carried out, nor any dividend or other distribution made by Nanchang Di Guan pursuant to the Contractual Arrangements. Accordingly, there was nothing that the Company's auditor can report on and therefore the auditor is not engaged in this respect for the year ended 31 August 2022. When such transactions or distributions arise, the auditor will be engaged to carry out the necessary work.

CONNECTED TRANSACTIONS

During the Reporting Period, save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" above in this report, the Group had not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 35 to the consolidated financial statements contained herein.

None of the related party transactions disclosed in note 35 to the consolidated financial statements, constituted a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at 31 August 2022 or at any time during the Reporting Period.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreement.

DONATIONS

During the Reporting Period, our Group made a donation of RMB1.2 million (for the eight months ended 31 August 2021: RMB1.9 million).

BREACH OF LOAN AGREEMENT

As at 31 August 2022, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the Reporting Period.

LOAN AND GUARANTEE TO THE DIRECTORS, SENIOR MANAGEMENT AND CONTROLLING SHAREHOLDERS

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

RSU SCHEME

On 20 August 2019, the RSU Scheme was approved and adopted by the Directors of our Company. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees of our Group for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company. Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of our Company or any member of our Group any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group (the "**RSU Eligible Persons**"). Our Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from 20 August 2019 (unless it is terminated earlier in accordance with its terms). As at 31 August 2022, the remaining life of the RSU Scheme was approximately seven years. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the trustee for the RSU Scheme for the purpose of the RSU Scheme from time to time. Further details of the principal terms of the RSU Scheme are set out in the Prospectus.

Our Company has appointed Mr. Huang as the trustee (the "**RSU Trustee**") to assist in the administration of the RSU Scheme. Our Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. Our Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as our Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

Proposed amendments to RSU Scheme

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules will be amended to govern share award schemes and share option schemes with effect from 1 January 2023.

In light of the above, the Board is pleased to announce that it has resolved on 30 November 2022 in relation to the proposed amendments to be made to the RSU Scheme in order to bring in line with the amended rules.

The Directors propose to seek approval from the Shareholders at an extraordinary general meeting for certain amendments to be made to the RSU Scheme to, among other, bring the RSU Scheme in alignment with the amended rules. For further details on proposed amendments to the RSU Scheme, please refer to the Company's announcement dated 30 November 2022.

Details of the RSUs granted under the RSU Scheme as at 31 August 2022 is set out as below:

Name of the guarantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding (1)
Directors of our Company				
Mr. Wang Li	Executive Director and co-president	Room 401, Unit 1, Block 9 No. 2, Jun Cai Road Honggutan New District Nanchang Jiangxi, PRC	2,391,000	0.24%
Mr. Liu Chunbin	Executive Director and vice president	Room 603, Unit 2, Block 4, No. 899, Yi Yuan Road, Honggutan New District, Nanchang, Jiangxi, PRC	1,395,000	0.14%
Senior management members of our Company (excluding those who are also Directors of our Company)				
Ms. Fang Xiaozhen	Chief operating officer	Room 502, Unit 1, Block 1, No. 81 Cui Yan Road, Wanli District, Nanchang, Jiangxi, PRC	3,268,000	0.33%
Mr. Lu Dong	General manager of administrative and legal department	Room 601, Unit 3, Block 1, Jiuzhou Hua Yi Ju, No. 20, Gongnong Road, Wanli District, Nanchang, Jiangxi, PRC	558,000	0.06%
Mr. Zhang Min	Vice president	Room 2311, Unit 3, Block 2, No. 668, Shi Mao Road, Honggutan New District, Nanchang, Jiangxi, PRC	518,000	0.05%

Rank/position held with our Group	Number of Shares represented by the RSUs	Approximate percentage of shareholding [(1)]
39 management staff and employees of our Group[(2)]	26,094,700	2.61%

Note:

(1) The calculation is based on the number of 1,000,000,000 Shares in issue as at 31 August 2022.

(2) This includes 8,130,000 RSUs held by the two Directors and three Senior Management of the Company, further details of which are set out in the tables above.

As at 31 August 2022, RSUs in respect of 21,252,800 underlying Shares, have been vested. During the Reporting Period, save that RSUs in respect of 471,300 underlying Shares were lapsed, none of the granted RSUs have been exercised, cancelled or lapsed.

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for grant or exercise of any RSU.

For the RSUs granted under the RSU Scheme to the named individual grantees of the RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify such grantee in writing) vest as follows:

(1) as to 50.0% of the RSUs on 18 November 2020;

(2) as to 30.0% of the RSUs on 18 November 2021; and

(3) as to 20.0% of the RSUs on 18 November 2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2022, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

INTERESTS IN THE COMPANY

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held (1)	Approximate percentage of shareholding (2)
Mr. Huang Yulin (3) (4)	Interest in a controlled corporation	557,804,000	55.78%
Mr. Wang Li (5) (6)	Beneficial owner	2,391,000	0.24%
	Interest of spouse	21,871,000	2.19%
Mr. Liu Chunbin (7)	Beneficial owner	1,745,000	0.17%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 31 August 2022.

(3) 490,304,000 Shares are registered under the name of Huangyulin Holdings, the issued share capital of which is owned as to 100% by Mr. Huang Yulin. Accordingly, Mr. Huang Yulin is deemed to be interested in such number of Shares held by Huangyulin Holdings for the purpose of Part XV of the SFO.

(4) 67,500,000 Shares are registered under the name of Chen Lin Elite Holdings, the issued share capital of which is owned as to 100% by Huangyulin Holdings. Accordingly, both Mr. Huang Yulin and Huangyulin Holdings is deemed to be interested in such number of Shares held by Chen Lin Elite Holdings for the purpose of Part XV of the SFO.

(5) Mr. Wang Li is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 2,391,000 Shares subject to vesting.

(6) Mr. Wang Li is the spouse of Ms. Huang Yuan. Accordingly, Mr. Wang Li is deemed to be interested in the Shares in which Ms. Huang Yuan is interested.

(7) Mr. Liu Chunbin is (i) directly holds and beneficially owns 350,000 Shares; and (ii) interested in the RSUs granted to him under the RSU Scheme entitling him to receive 1,395,000 Shares subject to vesting.

INTERESTS IN OTHER MEMBERS OF THE GROUP

Name of Director	Name of other members of the Group	Capacity/ Nature of interest	Approximate percentage of registered capital [(1)]
Mr. Huang Yulin	Nanchang Di Guan, JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Yu Ren High School, Gan Zhou Chen Lin and Guizhou	Beneficial owner	74.00%
	Jishi Institute of Industry and Trade[(2)]	Interest in a controlled corporation	74.00%

Notes:

(1) All interests stated are long positions.

(2) Nanchang Di Guan, JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Yu Ren High School, Gan Zhou Chen Lin and Guizhou Jishi Institute of Industry and Trade, by virtue of the Contractual Arrangements, all of them are accounted as subsidiaries of the Group. Nanchang Di Guan holds 100.00% of the sponsor's interest of JUAS; Ruicheng Education holds 100.00% of the sponsor's interest of Jishi College; Guizhou Xikai holds 100.00% sponsor's interest of Guizhou Institute; Henan Kunren holds 100.00% sponsor's interest of Yu Ren High School.

Save as disclosed above, as at 31 August 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; or to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors were aware, as at 31 August 2022, the following persons (other than Directors or chief executives of the Company) or corporations who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO; or which were required to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of part XV of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held (1)	Approximate percentage of issued share capital (2)
Huangyulin Holdings (3)	Beneficial owner	490,304,000	49.03%
	Interest in a controlled corporation	67,500,000	6.75%
Ms. Xiong Yan (4)	Interest of spouse	557,804,000	55.78%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 31 August 2022.

(3) The entire share capital of Chen Lin Elite Holdings is directly owned by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in such number of shares held by Chen Lin Elite Holdings.

(4) Ms. Xiong Yan is the spouse of Mr. Huang Yulin. Accordingly, Ms. Xiong Yan is deemed to be interested in the Shares in which Mr. Huang Yulin is interested.

Save as disclosed above, as at 31 August 2022, the Directors are not aware of any other person or corporation who had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or which would require to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2022 and up to the date of this annual report, the Company nor its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

Other than the RSU Scheme, there have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the Reporting Period and as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

In the Reporting Period, the Group's largest customers accounted for 1.08% of the Group's total revenue. The Group's five largest customers accounted for 1.63% of the Group's total revenue.

In the Reporting Period, the Group's largest suppliers accounted for 20.81% of the Group's total purchase. The Group's five largest suppliers accounted for 69.32% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

DIVIDEND POLICY

As we are a holding company, our ability to declare and pay dividends will depend on receipt of dividends and other payments from Chen Lin Education Science, which in turn substantially depends on the service fees paid to Chen Lin Education Science from our Consolidated Affiliated Entities. There remain certain uncertainties with respect to our ability to pay dividends to our Shareholders under the influence of the Amendment Decision which came into effect on 1 September 2017. Pursuant to the Amendment Decision, sponsors of existing private schools engaged in higher education may elect to register the schools as non-profit or for-profit private schools. As at 31 August 2022, we had not made a definitive decision on whether to register our Schools as non-profit or for-profit private schools. If we were to have elected to register our Schools as for-profit private schools, as confirmed by our PRC legal advisor and with reference to our dividend policy, our ability to distribute dividends to our Shareholders will not be materially affected. If we were to have elected to register our School as a non-profit private school, our ability to distribute dividends to our Shareholders may be limited. To mitigate such risks, we have adopted and/or will adopt the following measures: (i) we have established a special committee to mitigate any relevant compliance risks and to advise on the decision to register our Schools as for-profit or non-profit private schools. When making such decision, our Directors will take into consideration a variety of factors including the development of our business and the interests of our Shareholders; (ii) we plan to further strengthen and diversify our offering of education related services to widen our revenue base and to enhance our profitability; and (iii) our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from Chen Lin Education Science, which in turn depends on the service fees paid to Chen Lin Education Science from our Consolidated Affiliated Entities.

Any amount of dividends we pay will be determined at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Subject to the foregoing, the Board does not recommend the payment of a final dividend for the year ended 31 August 2022.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

HUMAN RESOURCES

We hire talents based on business development and operational needs, as well as candidates' integrity and professionalism. Our talent selection policy does not only focus on professional knowledge, experience, relevant qualification, but also on candidates' morality, professional ethics and discipline. We actively attract talents through participating in talent recruitment fairs and industry conference, and encouraging our staff in their respected departments to take advantage of social media to refer and recommend talented candidates to join us.

For the Reporting Period, we had not experienced any material dispute with our employees or disruption to our operations due to labour dispute and we had not experienced any difficulty in the recruitment and retention of employees.

Details of the pension obligations of the Company are set out in note 9 to the consolidated financial statements in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the minimum public float of not less than 25% as required under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

At no time during the Reporting Period, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors, except the insurance cover of the legal proceeds against the Directors currently provided by the Company to each Director.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

Save as disclosed above under the heading "NON-COMPLIANCE WITH CG CODE AND LISTING RULES", the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 August 2022 and up to the date of this annual report.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 36 to 46 of this annual report.

AUDITOR

There has been no change in auditor during the year ended 31 August 2022. The consolidated financial statements for the Reporting Period have been audited by PricewaterhouseCoopers, Certified Public Accountants, who are proposed for reappointment at the forthcoming 2023 AGM.

On behalf of the Board
Huang Yulin
Chairman

Nanchang, the PRC
30 November 2022

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

To the Shareholders of Chen Lin Education Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Chen Lin Education Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 102 to 184, comprise:

- the consolidated balance sheet as at 31 August 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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羅兵咸永道

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

1. Revenue recognition — tuition and boarding fees

2. Assessment of goodwill impairment

3. Assessment of payables to government authority in respect of government grants received

4. Assessment of control over the Consolidated Affiliated Entities through contractual arrangements

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition — tuition and boarding fees	
Refer to note 2.23 "Revenue recognition" in Summary of significant accounting policies and note 5 "Revenue and segment information" to the consolidated financial statements. Revenue of the Group mainly comprised the tuition and boarding fees from students, amounting to RMB509,877,000 in total for the year ended 31 August 2022. These fees are generally received in advance prior to the beginning of each academic year, and are recognised proportionately over the school terms, the boarding periods and the terms of other programmes rendered to students. We focused on this area due to the large volume of transactions with large number of students and significance of the amounts of revenue from tuition and boarding fees.	In response to this key audit matter, we have performed the following procedures: • Understood, evaluated and tested the Group's key controls over the admission of students, collection of fees and recognition of tuition and boarding fees over the school terms, the boarding periods and the terms of other programmes rendered to students; • Agreed total number of enrolled students in the respective academic terms to the official students records registered with the relevant education authorities of the People's Republic of China ("**Official Students Records**"), and discussed with management and obtained supporting evidences where differences identified;

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• Checked, on a sample basis, the existence of the students, their school fees and academic subjects in the academic year by: i) interviewing the respective students, ii) agreeing information in the relevant students' records in the school to the respective students' personal identity cards, school's student cards, and the information in Official Students Records; • Checked, on a sample basis, the supporting evidence of payments of tuition and boarding fees from students; and • Performed recalculation of the amount of the tuition and boarding fees recognised during the year in accordance with the school terms, boarding periods and the terms of other programmes rendered. Based on the procedures performed, we found the Group's tuition and boarding fees tested were supported by available evidences.

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Assessment of goodwill impairment	
Refer to note 2.9(i) "Intangible assets — goodwill" in Summary of significant accounting policies and note 4(c) "Impairment of goodwill" in Critical accounting estimates and judgements to the consolidated financial statements. The Group had goodwill amounted to RMB261,519,000 as at 31 August 2022. The goodwill was derived from acquisitions of various schools in the past years. In assessing the recoverable amounts of the Group's cash generating units ("**CGUs**") that include goodwill, management engaged external valuation expert to assist in determining the value-in-use calculation of the CGUs, being the present value of the future cash flows expected to be derived from the CGUs. Such valuation involved developing assumptions and estimates about the future results of the relevant businesses, including: number of students, growth rates of number of students and fees, and discount rate. Management considered no impairment on goodwill based on the impairment assessment. We focused our audit effort in this area because of the high degree of uncertainties associated with estimating the future operating performance of the CGU, and the complexity and subjectivity of management estimates involved and the appropriateness of the significant assumptions adopted in the value-in-use calculation of the CGUs.	In response to this key audit matter, we have performed the following procedures: • Obtained an understanding of the management's internal controls and assessment process of the impairment assessment of goodwill, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the management estimates involved and appropriateness of significant assumptions adopted in determining the value-in-use calculation of the CGUs. • Assessed the competence, capabilities and objectivity of the external valuation expert who assisted management in determining the value-in-use calculation of the CGUs.

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• Assessed management's future cash flow forecasts and calculations of value-in-use of the CGUs. Our procedures included: o assessing the appropriateness of the methodology adopted by reference to market practices; o assessing and challenging the key assumptions, including the projected number of students and fees including the growth rates, by comparing with the historical operating results and future operating plans with reference to the future capital expansion of the CGUs; o assessing the discount rate by reference to external data, including the risk factor of comparable school and market risk premium; o assessing and challenging the appropriateness of other key input data by comparing with the approved budget and historical data; and o testing the mathematical accuracy of the discounted cash flows calculations. • Assessed management's sensitivity analysis to evaluate the assumptions to which the outcome of the discounted cash flows is more sensitive and the likelihood that an impairment may be resulted. Based on the procedures performed, we found that management's estimates and assumptions adopted in the impairment assessment of goodwill as at 31 August 2022 were supported by the evidences we gathered.

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

3. Payables to government authority in respect of government grants received

Refer to note 2.25 "Government grants" in Summary of significant accounting policies, note 4(c) "Assessment of payables to government authority in respect of government grants received" in Critical accounting estimates and judgements, note 6 "Other income", and note 31 "Other non-current payables" to the consolidated financial statements.

The Group recognised other non-current payables to government authority amounting to RMB266,254,000 as at 31 August 2022. The payables to government authority were related to government grants received for the construction of the school campus of the predecessor school of Guizhou Institute of Industry and Trade ("**Guizhou Institute**") in past years. The government grants were assessed to be with ongoing conditions and requirements that have not been fully fulfilled by Guizhou Institute and its sponsor, both are subsidiaries of the Group, and accordingly the grants were recognised as payables to government authorities.

During the year ended 31 August 2022, management of the Group re-assessed the payables based on the latest available information, including the situation that Guizhou Institute has applied for conversion from not-for-profit school to for-profit school (the "**Conversion**") in October 2022, as well as the Group's on-going fulfilment of the conditions and requirements attached to the government grants. Management concluded that the amount of payables to government authority was reduced to RMB266,254,000 as at 31 August 2022 and a corresponding gain of RMB8,225,000 was recognised for the year ended 31 August 2022.

In response to this key audit matter, we have performed the following procedures:

- Obtained an understanding from management the history, nature and purpose of the government grants, and the judgement and estimate involved in the assessment of the existence of repayment obligation, and the timing and amount of repayment that attribute to the recording of the payables to government authority.

- Reviewed the relevant investment agreements with the government authorities upon the establishment of the predecessor school of Guizhou Institute, and other supporting evidences obtained subsequently that support the nature, purpose and existence of the government grants received by Guizhou Institute during the construction stage of the school. We also checked, on a sample basis, the supporting evidences to the receiving of the government grants and the related application of the funds to the construction of the school campus.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused our audit effort in this area because of the significant management's judgement and estimate involved in the determination of the existence of the repayment obligation and the amount and timing of repayment that attribute to the recording of the payables to government authority.	• Procedures addressing the latest circumstances attributing to the payables included: o Reviewed the latest documents issued by the relevant government authorities in connection with the government grants received by Guizhou Institute; o Reviewed the latest available documents issued by the relevant government authorities in respect of the procedures addressing the Conversion; o Reviewed the written opinion from the Company's PRC external legal counsel and discussed with them to understand their analysis and views about the impact of the Conversion to the repayment obligation of the government grants with reference to the latest documents issued by the relevant government authorities and the relevant laws and requirements; and o Conducted interviews with the relevant government authorities to confirm the nature and existence of the government grants, and the related conditions and requirements. • Checked the calculation of management's estimate of the amount of payables to government authority as at 31 August 2022. Based on the procedures performed, we found the management's judgement and estimate involved in the determination of the existence of the repayment obligation and the amount and timing of repayment that attribute to the recording of the payables to government authority in respect of government grants received were supported by available evidences.

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Assessment of control over the Consolidated Affiliated Entities through contractual arrangements	
Refer to note 2.3(a) "Subsidiaries controlled through Contractual Arrangements" in Summary of significant accounting policies, and note 4(a) "Contractual Arrangements" in Critical accounting estimates and judgements to the consolidated financial statements. A substantial portion of the Group's business is conducted through the Consolidated Affiliated Entities in the PRC due to the regulatory requirements that restrict foreign ownership in higher education service industry in the PRC. The Group does not have any direct legal ownership of equity interest in the Consolidated Affiliated Entities. Nonetheless, through the establishment and implementation of a series of contractual agreements ("**Contractual Arrangements**"), the Group has rights to exercise power of control over the Consolidated Affiliated Entities, has exposure, or rights to variable returns from its involvement with the Consolidated Affiliated Entities, and has ability to affect those returns through its power of control over the Consolidated Affiliated Entities. The directors of the Company concluded that the Group has control over the Consolidated Affiliated Entities, consequently, the Company consolidates the Consolidated Affiliated Entities in the consolidated financial statements of the Group.	In response to this key audit matter, we have performed the following procedures: • We discussed with management to understand the latest regulatory development and whether there were any changes in facts and circumstances which might have an impact on the Contractual Arrangements; • We evaluated Company's assessment and judgements on the validity and enforceability of the contractual arrangements with the assistance of our internal legal expert and the assessment of the Group's control over Consolidated Affiliated Entities through the contractual arrangements; • We obtained the written opinion from the Company's PRC external legal counsel and discussed with them to understand their analysis and views as to the validity and enforceability of the Contractual Arrangements with respect to relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and evaluated whether these evidences support the relevant judgements made by the Company;

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KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
During the year ended 31 August 2022, the Directors re-assessed, with the involvement of an external legal counsel appointed by the Company, whether there were any changes in facts and circumstances that may impact the validity and enforceability of the Contractual Arrangements. Based on the results of the assessment, it was concluded that the Contractual Arrangements with the Consolidated Affiliated Entities and their equity shareholders continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are legally enforceable. Accordingly, the directors are of the view that Company continues to have control over the Consolidated Affiliated Entities and therefore consolidates the Consolidated Affiliated Entities in the consolidated financial statements of the Group as at and for the year ended 31 August 2022. We focus on this area due to the complexity, high level of judgements involved in determining the validity and enforceability of the Contractual Arrangements in order to evaluate whether it is appropriate for the Company to consolidate the Consolidated Affiliated Entities under IFRSs, which could have significant and pervasive implications to the consolidated financial statements.	• We assessed the competency, capabilities and objectivity of the Company's PRC external legal counsel; and • We assessed the adequacy of related disclosures in the consolidated financial statements. Based on the procedures performed, we found the judgements made by Company to continue to control over the Consolidated Affiliated Entities and therefore consolidate these entities in the consolidated financial statements were supported by the evidence obtained.

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OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 November 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Note	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Revenue	5	**514,956**	218,082
Cost of revenue	8	**(332,153)**	(134,364)
Gross profit		**182,803**	83,718
Other income	6	**27,977**	7,406
Other expenses	8	**(10,127)**	(3,210)
Other (losses)/gains — net	7	**(44,069)**	230
Net impairment losses on financial assets	8	**(5,895)**	(10,378)
Selling expenses	8	**(29,133)**	(473)
Administrative expenses	8	**(93,979)**	(56,718)
Operating profit		**27,577**	20,575
Finance income	10	**1,091**	823
Finance costs	10	**(58,939)**	(38,138)
Finance costs — net	10	**(57,848)**	(37,315)
Loss before income tax		**(30,271)**	(16,740)
Income tax expense	11	**(7,714)**	(1,980)
Loss for the year/period		**(37,985)**	(18,720)
Other comprehensive income for the year/period		**–**	–
Loss and total comprehensive income for the year/period, all attributable to owners of the Company		**(37,985)**	(18,720)
Loss per share attributable to owners of the Company			
— Basic earnings per share (expressed in RMB per share)	12	**(0.04)**	(0.02)
— Diluted earnings per share (expressed in RMB per share)	12	**(0.04)**	(0.02)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 August 2022

	Note	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	**2,185,646**	1,558,447
Right-of-use assets	15	**434,022**	397,168
Intangible assets	16	**271,921**	291,154
Other non-current assets	17	**112,301**	33,181
Deferred income tax assets	30	**–**	635
		3,003,890	2,280,585
Current assets			
Trade receivables	19	**11,221**	52,090
Other receivables and prepayments	20	**62,062**	65,297
Financial assets at fair value through profit or loss	21	**96**	42,508
Restricted bank balances	22	**11,983**	–
Cash and cash equivalents	22	**286,206**	314,457
		371,568	474,352
Total assets		**3,375,458**	2,754,937
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	23	**89**	89
Share premium	23	**433,763**	433,763
Capital reserve	24	**30,000**	30,000
Statutory surplus reserves	24	**130,539**	117,964
Share-based payments reserve	25	**52,769**	48,838
Retained earnings	24	**163,919**	214,479
Total equity		**811,079**	845,133

CONSOLIDATED BALANCE SHEET

As at 31 August 2022

	Note	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	27	**980,304**	1,003,338
Deferred revenue	28	**67,810**	16,305
Contract liabilities	5	**1,733**	2,400
Lease liabilities	29	**67,394**	62,299
Other non-current payables	31	**273,519**	276,419
		1,390,760	1,360,761
Current liabilities			
Accruals and other payables	26	**301,381**	128,223
Amount due to a related party	35(c)	**16,434**	2,570
Borrowings	27	**390,449**	239,868
Current income tax liabilities		**41,805**	34,726
Deferred revenue	28	**4,456**	2,877
Contract liabilities	5	**414,709**	138,690
Lease liabilities	29	**4,385**	2,089
		1,173,619	549,043
Total liabilities		**2,564,379**	1,909,804
Total equity and liabilities		**3,375,458**	2,754,937

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 102 to 184 were approved by the Board of Directors on 30 November 2022 and were signed on its behalf.

Mr. Huang Yulin
Chairman

Mr. Yang Ruichen
Director

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31 August 2022

		Equity attributable to owners of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Share-based payments reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021		89	452,406	30,000	112,291	42,720	238,872	876,378
Loss for the period		–	–	–	–	–	(18,720)	(18,720)
Share-based payments expense	25	–	–	–	–	6,118	–	6,118
Dividends relating to 2020 paid in 2021	32	–	(18,643)	–	–	–	–	(18,643)
Profit appropriation to statutory reserve	24	–	–	–	5,673	–	(5,673)	–
Balance at 31 August 2021		89	433,763	30,000	117,964	48,838	214,479	845,133
Balance at 1 September 2021		**89**	**433,763**	**30,000**	**117,964**	**48,838**	**214,479**	**845,133**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(37,985)**	**(37,985)**
Share-based payments expense	25	**–**	**–**	**–**	**–**	**3,931**	**–**	**3,931**
Dividends relating to 2021 paid in 2022	32	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit appropriation to statutory reserve	24	**–**	**–**	**–**	**12,575**	**–**	**(12,575)**	**–**
Balance at 31 August 2022		**89**	**433,763**	**30,000**	**130,539**	**52,769**	**163,919**	**811,079**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Note	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	33(a)	**474,124**	(26,578)
Income tax paid		**–**	(1)
Net cash generated from/(used in) operating activities		**474,124**	(26,579)
Cash flows from investing activities			
Acquisition of subsidiaries		**(27,521)**	(281,138)
Purchases of land use right		**(50,467)**	–
Government grants received relating to purchase of land use right and property, plant and equipment	28	**56,035**	1,900
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	4,212
Purchases of property, plant and equipment		**(543,454)**	(137,581)
Proceeds from disposal of property, plant and equipment	33(b)	**–**	12
Purchases of intangible assets		**(660)**	–
Decrease in term deposits		**–**	51,000
Net cash used in investing activities		**(566,067)**	(361,595)
Cash flows from financing activities			
Proceeds from borrowings		**353,500**	569,228
Repayments of borrowings		**(230,043)**	(189,399)
(Increase)/decrease in restricted bank balances	22	**(11,983)**	31,919
Borrowings from a related party		**13,864**	69
Payments of lease liabilities	15	**(2,717)**	(22,308)
Payment of loan deposits		**(8,500)**	–
Dividends paid to shareholders of the Company	32	**–**	(18,643)
Interest paid		**(50,511)**	(24,905)
Net cash generated from financing activities		**63,610**	345,961

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Note	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Net decrease in cash and cash equivalents		**(28,333)**	(42,213)
Cash and cash equivalents at the beginning of year/period		**314,457**	355,594
Exchange gains on cash and cash equivalents		**82**	1,076
Cash and cash equivalents at the end of year/period	22	**286,206**	314,457

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The headquarters and principal business operations of the Group is located at No. 1, Lianfu Avenue, Xinjian District, Nanchang City, Jiangxi Province, the People's Republic of China ("**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide comprehensive educational services in Jiangxi province, Guizhou province and Henan province of the PRC. The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) ("**JUAS**") since 1984. In December 2020, the Group acquired Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") from a third party. In April and July 2021, the Group further acquired Guizhou Institute of Industry and Trade (貴州工貿職業學院) ("**Guizhou Institute**") and Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學) ("**Yu Ren High School**") from third parties, respectively. In June 2022, Guizhou Provincial People's Government approved the establishment of Guizhou Jishi Institute of Industry and Trade (貴州工貿技師學院) ("**Guizhou Jishi**"), which is held by Guizhou Xikai Education Investment Company Limited ("貴州西凱教育投資有限公司").

On 11 June 2021, the board of directors of the Group announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covering a period of eight months from 1 January 2021 to 31 August 2021 are therefore not entirely comparable with those of the current accounting period. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.

The ultimate controlling party of the Group is Mr. Huang Yulin, who is an executive director and the chairman of the board of directors of the Company (the "**Controlling Shareholder**").

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 13 December 2019.

The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Chen Lin Education Group Holdings Limited and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period commencing 1 January 2021. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and amendments		Effective for annual financial periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	1 September 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 August 2022. The Group has early adopted amendments to IAS 1 from 1 September 2021. These standards are set out as below:

New standards and amendments		Effective for annual financial periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 September 2021
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Based on the Group's current assessment, the directors do not expect a material impact on the Group's financial position and performance as a result of the adoption of these new standards and amendments when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Going concern

The Group incurred net loss of RMB37,985,000 for the year ended 31 August 2022, and the Group's current liabilities exceeded current assets by RMB802,051,000 as at 31 August 2022. The Group's current liabilities included deferred revenue and contract liabilities with total amount of RMB419,165,000 that are not financial liabilities and will not require future cash outflows. The Group's cash and cash equivalents as at 31 August 2022 was RMB286,206,000.

As at 31 August 2022, the Group's current liabilities included current borrowings amounting to RMB390,449,000 in total, comprising bank borrowings of RMB199,427,000 and borrowings under finance lease arrangement of RMB191,022,000. In addition, as at 31 August 2022, the Group had capital commitments that had been contracted but not provided for amounting to RMB437,698,000.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity, performance and the available sources of financing of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position and its operations. These include the followings:

(i) The Group will continue to make efforts to keep the schools in operation in anticipation of the potential changes in government policies and to manage the progress of conversion from not-for-profit school to for-profit school as required by the relevant government authorities;

(ii) The Group will continue to make investments on new teaching buildings and dormitories so as to expand the capacity of the schools for taking more students upon approval by the relevant government authorities, and at the same time to control costs in order to improve the Group's net operating cash inflows; and

(iii) The Group has been in active communications with banks and other financial institutions to secure the necessary borrowings and to obtain new facilities to fund the Group's capital expenditures and operations. Subsequent to 31 August 2022, the Group obtained bank borrowings of RMB350 million.

The Directors of the Company have reviewed the Group's cash flow projections prepared by the management, covering a period of not less than twelve months from 31 August 2022, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient funds to finance its capital expenditures and operations and to meet its financial obligations as and when they fall due within twelve months from 31 August 2022. Accordingly, the Directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements as a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries controlled through Contractual Arrangements

A wholly-owned subsidiary of the Company, Chen Lin Education Science (Jiangxi) Co., Ltd. ("辰林教育科技(江西)有限責任公司", "**Chen Lin Education Science**"), has entered into a series of contractual agreements (the "**Contractual Agreements**") with Nanchang Di Guan Education Consultancy Co., Ltd. ("南昌迪冠教育諮詢有限公司", "**Nanchang Di Guan**"), Gan Zhou Chen Lin Education Investment Co., Ltd. ("贛州辰林教育投資有限公司", "**Gan Zhou Chen Lin**") ,Nanchang Ruicheng Education Consulting Company Limited ("南昌瑞誠教育諮詢有限公司"), Guizhou Xikai Education Investment Company Limited, Henan Kun Ren Education Science Technology Company Limited ("河南坤仁教育科技有限公司"), JUAS, Jishi College, Guizhou Institute, Guizhou Jishi and Yu Ren High School ("**the Schools**"), (collectively the "**Consolidated Affiliated Entities**") and the equity shareholders including Mr. Huang Yulin, Ms. Huang Yuan and Mr. Huang Guandi. The contractual agreements enable Chen Lin Education Science and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, as well as technical and business support services provided by Chen Lin Education Science. Such services include development, design, upgrade and ordinary maintenance on educational software and website; design on college course and major; compilation and selection and/or recommendation on college course materials; recruitment and training supporting on teachers and other employees; admission and enrolment supporting services; public relation services; market research and development services; management and marketing consulting and related services; and other additional services as the parties may mutually agree from time to time;
- obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chen Lin Education Science may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities permitted under the PRC laws and regulations. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chen Lin Education Science; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Agreements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Principles of consolidation and equity accounting (continued)

(a) Subsidiaries controlled through Contractual Arrangements (continued)

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Agreements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries under IFRSs. The Group has consolidated the financial position and financial results of the Consolidated Affiliated Entities in the consolidated financial statements during all the years presented or since the date the entity first come under the control of the Group.

Nevertheless, the Contractual Agreements may not be as effective as direct legal ownership in providing the Group direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors, based on the advice of the Company's legal counsel, consider that the Contractual Agreements with the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Principles of consolidation and equity accounting (continued)

(b) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised as a gain directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividends from these investments if the dividends exceeds the total comprehensive income of the subsidiary in the period the dividends is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill. Investments in subsidiaries are also assessed for impairment and written down to their recoverable amounts in accordance with note 2.10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's board of directors that makes strategic decisions.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as profit or loss in the consolidated statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity instrument measured at fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income. The Group does not have non-monetary items measured at fair value in a foreign currency during the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Leases

The Group leases various properties as school premises. Rental contracts are typically made for fixed periods of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes

Favorable leases represent leases where the lease terms are more favorable as compared to market prices. Favorable leases are recognised at fair value upon the acquisition of subsidiaries.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statements of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets except for prepayments for land use rights are depreciated over the shorter of an asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Leases (continued)

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statements of comprehensive loss. Short-term leases are leases with a lease term of 12 months or less.

The Group's right-of-use assets also consist of up-front payments to acquire long-term interest in the usage of land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land and other direct related costs from the date when the respective rights were granted. Amortisation of prepaid land lease payments is calculated on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC or the best estimate based on the normal terms in the PRC and is charged to profit or loss in the consolidated statements of comprehensive income.

The depreciation periods of the Group' right of use assets are:

Land use rights	50 years
Lease of buildings including favorable lease	11–15 years
Lease of equipment	8 years

2.8 Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings and building improvements	5–50 years
Office furniture and fixtures	6–20 years
Electronic equipment	3–12 years
Vehicles	12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment (continued)

Building improvements are mainly costs for painting the walls of buildings with new environmental protection materials. The useful life of building improvements is estimated to be 5 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the assets are completed and are ready for operational use.

2.9 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2.3(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Student base

The student base intangible assets refer to the registered and existing students of Schools that were acquired by the Group. The students are expected to pay tuition and boarding fees until their graduation. The student base will be generating income for schools in the tuition periods, thus it is identified as an intangible asset based on its fair value on the acquisition date. The student base is amortised using the straight-line method over the respective periods until the graduation of the existing students ranging from 1.5 to 2 years.

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives varying from 8 to 12 years. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

The length of useful life of an intangible asset is determined based on (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated on software of similar nature and functions. The Group reviews the length of useful life at each year end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(ii) Measurement (continued)

Debt instruments (Continued)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss of the consolidated statements of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other (losses)/gains- net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains — net" and impairment losses are presented as a separate line item in profit or loss of the consolidated statements of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other losses — net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other (losses)/gains — net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables and amounts due from related parties is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

2.13 Trade and other receivables

Trade receivables are amounts due from students of the university and customers for services provided in the ordinary course of business. If collection of trade and receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.14 Contract assets and liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. In the consolidated statements of cash flows, cash and cash equivalents includes cash at bank and on hand and short-term bank deposits with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Accrual and other payables

Accrual and other payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrual and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

Deferred income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

According to the Enterprise Income Tax law, distribution of profits earned by PRC companies is generally subject to withholding tax of 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas— incorporated immediate holding companies. A lower withholding tax rate may be levied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. During the reporting period, PRC companies did not distribute dividends to overseas.

2.21 Employee benefits

(i) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceilings. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(ii) Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceilings. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(iii) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(iv) Employee leave entitlement

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits (continued)

(v) Bonus plan

The expected cost of bonus is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.22 Share-based payments

The Company set up a Restricted Share Units ("**RSUs**") Scheme as incentive to the eligible employees, including certain directors, senior management members and employees of the Group, in exchange for their services for the Group.

For grant of RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2.23 Revenue recognition

(i) Tuition and boarding fees

Tuition and boarding fees of the Group's schools are generally received in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period in which the services are rendered. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and which will be earned beyond one year is reflected as a non-current liability.

(ii) Revenue from internship management services

The Group introduces qualified students from the Group's schools and other schools to participate in the Group's cooperative enterprises' internship programmes and receives management fees from the enterprises with respect to each student the Group introduced. The fee is recognised as revenue over the period of the relevant programmes.

(iii) Revenue from tutoring and programme management services

The Group recognises revenue based on the provision of tutoring services to students from the Group's schools and other schools. These include provision of tutoring or career development related courses. The fee is recognised as revenue over the period of the relevant tutoring programmes.

The Group also receives the revenue from providing programme orientation and student referral services for enterprises. The revenue is recognised at a point in time when the service obligations are fulfilled and the fee is calculated based on the number of students participating in the programmes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition (continued)

(iv) Revenue from other education related services

The Group provides several kinds of education related services to students and other parties. Revenue is measured at the consideration received or receivable for the service provided. The Group recognises revenue when it transfers services to a customer.

(v) Other income

Other income consists of government grants, sub-contracting income, commission income and others.

The Group receives income from sub-contracting the canteen catering operations and the campus stores in the school campus to other parties. Income from sub-contracting is recognised evenly over the period of the respective agreements.

2.24 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.26 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

The profits of the PRC subsidiaries of the Group are subject to withholding tax at a rate of 10% upon the distribution of such profits to foreign investor in Hong Kong.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from Hong Kong dollars ("**HKD**"). The Group does not hedge against any fluctuation in foreign currency.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from HKD denominated cash and cash equivalents, borrowing and financial assets at fair value through profit or loss, other receivables and prepayments.

	Increase/(decrease) in profit before tax	
	For the year ended 31 August 2022 RMB'000	For the eight months ended 31 August 2021 RMB'000
HKD/RMB exchange rate — increase 5%	**47**	2,031
HKD/RMB exchange rate — decrease 5%	**(47)**	(2,031)

Interest rate risk

The Group's interest rate risk arises from and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the year ended 31 August 2022, the Group's borrowings bore interest both at variable rates and fixed rates. The Group does not hedge its cash flow and fair value interest rate risk.

As at 31 August 2022 and 2021, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, loss for the year ended 31 August 2022 and loss for the eight months ended 31 August 2021 would have been approximately RMB2,615,000 higher/lower and approximately RMB630,000 higher/lower, respectively.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade and other receivables and amount due from a related party, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

All of the Group's trade receivables, other receivables and amount due from a related party have no collateral. The Group assessed the credit quality of the counterparties by taking into account their financial position, credit history, forward looking information and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

(i) Cash and cash equivalents

As at 31 August 2022, substantially all of the Group's bank deposits were deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high-credit-quality without significant credit risk.

(ii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group trade receivables mainly represents the trade receivables from students for tuition and boarding fee, and from third parties for other services.

For the trade receivables from third parties, the counterparties are primarily large corporations that have strong financial position. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information. Management reviews regularly the recoverable amount of each trade receivable from third parties to ensure that adequate impairment losses are made for irrecoverable amounts.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Trade receivables (continued)

For the trade receivables from students, the loss allowance was determined as follows:

Reporting period	Less than 1 year	1 year to 2 years	More than 2 years
31 August 2022			
Expected loss rate	**60%**	**90%**	**100%**
31 August 2021			
Expected loss rate	60%	90%	100%

The management writes off trade receivables when there are no reasonable expectations of recovering the trade receivable from students. The management assesses the expected loss rate every year and considers no need to change it during the year.

The loss allowance provision for trade receivables during the year ended 31 August 2022 was set out in note 19.

(iii) Other receivables

Other receivables at the end of year were mainly deposit for campus constructions and receivables due from the government authorities. The directors consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

- actual or expected significant changes in the operating results of the counterparty;

- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Other receivables (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayment demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayment demanded within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments/repayment demanded greater than 365 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward looking macroeconomic data.

As at 31 August 2022, no significant credit risk was identified by the management of Group in respect of other receivable. As at 31 August 2021, management consider other receivables as low credit risk as the counterparties have strong capacity to meet their contractual cash flow obligations in the near term, except that an other receivable in respect of an incentive payment from government authority was confirmed to be not collectible. Therefore a credit loss RMB5,000,000 was recognised during the eight months ended at 31 August 2021.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of year to the contractual maturity date . The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 August 2022					
Borrowings	**390,449**	**341,347**	**368,957**	**270,000**	**1,370,753**
Interests payable	**74,782**	**44,033**	**61,865**	**13,113**	**193,793**
Amount due to a related party	**16,434**	**–**	**–**	**–**	**16,434**
Other non-current payables	**–**	**294,018**	**–**	**–**	**294,018**
Lease liabilities	**3,087**	**1,829**	**26,986**	**82,155**	**114,057**
Accruals and other payables (excluding non-financial liabilities)	**266,035**	**–**	**–**	**–**	**266,035**
	750,787	**681,227**	**457,808**	**365,268**	**2,255,090**
As at 31 August 2021					
Borrowings	239,868	394,652	408,686	200,000	1,243,206
Interests payable	66,437	52,528	60,836	19,513	199,314
Amount due to a related party	2,570	–	–	–	2,570
Other non-current payables	–	296,307	–	–	296,307
Lease liabilities	2,596	1,886	11,280	90,671	106,433
Accruals and other payables (excluding non-financial liabilities)	107,742	–	–	–	107,742
	419,213	745,373	480,802	310,184	1,955,572

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to

- safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the following gearing ratio:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Net debt (note 33(c))	**1,172,664**	953,199
Total equity	**811,079**	845,133
Net debt to equity ratio	**145%**	113%

The significant increase in net debt to equity ratio is resulted from the increase in borrowings and fair value losses of equity investment at a greater extent than the profit earned during the year ended 31 August 2022.

3.3 Fair value estimation

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The following table presents the Group's financial assets measured and recognised at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 August 2022				
Assets				
Financial assets at FVPL (note 21)				
— Equity investments	**96**	**–**	**–**	**96**
31 August 2021				
Assets				
Financial assets at FVPL (note 21)				
— Equity investments	42,508	–	–	42,508

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the present value of the estimated future cash flows based on observable yield curves

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(a) Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's school in the PRC (note 2.3(a)). The Group does not have any equity interest in the Consolidated Affiliated Entities. The directors assessed whether or not the Group has control over the Consolidated Affiliated Entities by assessing whether it has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Agreements and accordingly the financial position and the operating results of the Consolidated Affiliated Entities are included in the Group's consolidated financial statements throughout the reporting period or since the respective dates of incorporation/establishment, whichever is the shorter period.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Judgements (continued)

(a) Contractual Arrangements (continued)

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities. There are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations which could impede the Group's power over the Consolidated Affiliated Entities and its beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities.

Whenever there is any event which may impact the validity and enforceability of the Contractual Arrangements, such as the publication of Implementing Regulations for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), which has become effective from 1 September 2021, the Directors would reassess whether or not the Contractual Arrangements continue to be legally enforceable.

The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among the Chen Lin Education Science, the Consolidated Affiliated Entities and their equity shareholders continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are valid and legally enforceable.

Considering all the facts and circumstances, the Company continue to control and consolidate the Consolidated Affiliated Entities for the year ended 31 August 2022.

(b) Income taxes

According to the Implementation Rules for the Law for Promoting Private Education ("**Implementing Rules**"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatment. The Implementing Rules provide that the private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, and relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. However, as of the date of issuance of these consolidated financial statements, no separate policies, regulations or rules have been introduced by the authorities in this regard. Based on the historical tax returns filed to the relevant tax authorities, the Schools has historically enjoyed preferential tax treatment since its establishment.

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to enterprise income tax. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Judgements (continued)

(c) Assessment of payables to government authority in respect of government grants received

Regarding to payables to government authority as defined in note 31, the Group have obligation to pay the government grants received. The final amount of payables to government authorities and the timing of the payment are subject to the finalisation of the conversion process which is expected to be finalised beyond twelve months from 31 August 2022. Thus, it is the directors and management's judgement in determine the final amount of payables to government authorities and the timing of the payment as at 31 August 2022.

Estimation uncertainty

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

(a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(b) Useful life and impairment of right-of-use assets

The Group's management determines the estimated useful lives and the amortisation method in determining the related amortisation charges for its right-of-use assets. This estimate is based on the management's experience of the actual practice of similar nature and functions and normal terms in the PRC. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of right-of-use assets may not be recoverable. Management will increase the amortisation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Estimation uncertainty (continued)

(c) Impairment of goodwill

The goodwill arose from the acquisition of subsidiaries. The Group tests whether goodwill has suffered impairment on an annual basis in accordance with the accounting policy stated in note 2.9. The recoverable amount of a CGU is determined based on the higher of fair value less cost of disposal ("**FVLCD**") and value in use ("**VIU**") which requires the use of estimates and valuation techniques. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 3.1(b).

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segment and principal activities

The Group is principally engaged in the provision of private tertiary education services in the PRC. The Group's chief operation decision maker has been identified as the chairman and executive directors of the Board who consider the business from the service perspective.

For the purpose of resource allocation and performance assessment, the chief operation decision maker reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in note 2. Accordingly, their segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statements of comprehensive income.

(b) Segment revenue

Revenue for the year ended 31 August 2022 and for the eight months ended 31 August 2021 are as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Tuition fees	**465,491**	188,445
Boarding fees	**44,386**	19,894
Internship management fees	**1,644**	1,029
Tutoring and programme management services	**64**	1,092
Others	**3,371**	7,622
	514,956	218,082

5 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment revenue (continued)

As mentioned in note 1 to these financial statements, the Group acquired a number of schools since December 2020. An analysis of revenue of the Group by schools of the Group and the relevant geographical locations during the year ended 31 August 2022 is set out below:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
JUAS, Nanchang of Jiangxi province	**379,555**	179,612
Jishi College, Nanchang of Jiangxi province	**34,440**	19,280
Guizhou Institute, Bijie of Guizhou province	**62,709**	18,348
Yu Ren High School, Zhengzhou of Henan province	**38,145**	–
Others	**107**	842
	514,956	218,082

The analysis of revenue recognised over time and at a point in time as required by IFRS 15 is set out below:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Recognised over time		
Tuition fees	**465,491**	188,445
Boarding fees	**44,386**	19,894
Internship management fees	**1,644**	1,029
Tutoring and programme management services	**64**	1,050
Others	**11**	5,196
Recognised at a point in time		
Tutoring and programme management services	**–**	42
Others	**3,360**	2,426
	514,956	218,082

5 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment revenue (continued)

The Group's revenue is subject to seasonal fluctuations. Tuition and boarding fees of the Group's schools are generally received in advance prior to the beginning of academic year commencing September each year. Tuition and boarding fees revenues are recognised proportionately over the relevant period in which the services are rendered excluding school term breaks and vacation periods.

The Group's subsidiaries provide educational services to a large number of students who are regarding as customers of the Group. No single customer accounted for more than 10% of the Group's revenue during the year.

(c) Contract liabilities

The Group has recognised the following contract liabilities:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Contract liabilities related to tuition fees	**357,321**	127,140
Contract liabilities related to boarding fees	**44,927**	8,568
Contract liabilities related to other revenue	**12,061**	2,849
Contract liabilities related to other income	**2,133**	2,533
	416,442	141,090

The following table shows how much of the revenue and other income recognised in the current year relates to carried-forward contract liabilities:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period		
Tuition fees	**122,684**	166,016
Boarding fees	**8,568**	18,543
Tutoring and programme management services	**–**	78
Other revenue	**2,802**	5,173
Other income recognised that was included in the balance of contract liabilities at the beginning of the year/period		
Other income	**400**	267
	134,454	190,077

5 REVENUE AND SEGMENT INFORMATION (continued)

(d) Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from contracts with students or companies:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Expected to be recognised within one year		
Tuition fees	**357,321**	127,140
Boarding fees	**44,927**	8,568
Other revenue	**12,061**	2,849
Other income	**400**	133
Expected to be recognised within one to two years		
Other income	**400**	400
Expected to be recognised more than two years		
Other income	**1,333**	2,000
	416,442	141,090

(e) Pledge of revenue proceeds

The Group's long-term bank borrowings of RMB763,169,000 (2021: RMB713,892,000), long-term borrowings from a financial institution of RMB91,313,000 (2021: RMB77,006,000) and borrowings under finance lease arrangement of RMB75,807,000 (2021: RMB79,010,000) were secured by the pledge of the rights over the collection of tuition fees and boarding fees of the Group's schools.

6 OTHER INCOME

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Government grants and subsidies (a)		
— Recognised from deferred revenue (note 28)	**2,951**	1,781
— Recognised during the year	**9,482**	375
Sub-contracting income (b)	**7,264**	4,510
Self-operated canteen income (c)	**4,242**	–
Management service fee income (d)	**2,058**	353
Others (e)	**1,980**	387
	27,977	7,406

(a) Government grants and subsidies mainly represent subsidies from government for procurement of laboratory apparatus and equipment for conducting educational service and amount recognised from payables to government authority in respect of government grants received (note 31).

(b) The Group receives income from sub-contracting the canteen catering operations, the hotel and the campus stores in JUAS campus to other parties.

(c) Self-operated canteen income represent income from canteen operation of Yu Ren High School.

(d) Management service fee income mainly includes management fee related to campus operation management.

(e) Others mainly include income from the electricity price difference between selling to construction suppliers and purchasing from power stations, income from selling daily necessities to students, and miscellaneous income related to operations.

6 OTHER INCOME (continued)

The analysis of other income, excluding government grants and subsidies, recognised over time and at a point in time as required by IFRS 15 is set out below:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Recognised over time		
Sub-contracting income	**7,264**	4,510
Self-operated canteen income	**4,242**	–
Others	**2,326**	216
Recognised at a point in time		
Others	**1,712**	524
	15,544	5,250

7 OTHER (LOSSES)/GAINS — NET

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Net fair value (losses)/gains on financial assets at FVPL (note 21)	**(42,517)**	1,573
Donations	**(1,182)**	(1,900)
Net foreign exchange (losses)/gains	**(401)**	540
Others	**31**	17
	(44,069)	230

8 EXPENSES BY NATURE

The detailed analysis of cost of revenue, other expenses, selling expenses, administrative expenses and net impairment losses on financial assets is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Employee benefit expenses (note 9)	**208,487**	94,395
Depreciation expenses (note 14)	**63,123**	30,678
Amortisation expenses (note 16)	**19,893**	9,193
Depreciation expenses of right-of-use asset(note 15)	**19,384**	7,070
Students activities expenses	**35,549**	16,340
Promotion expenses	**29,133**	577
Repair and maintenance fees	**24,544**	5,865
Electricity and water expenses	**11,272**	4,013
Office expenses	**11,357**	3,837
Professional service fees	**9,099**	6,312
Net impairment losses on financial assets	**5,895**	10,378
Auditor's remuneration — audit services	**3,280**	2,980
Educational supplies and consumables	**3,848**	4,598
Others	**26,423**	8,907
	471,287	205,143

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Salaries, wages and bonuses	**172,354**	77,192
Share-based payments expense (note 25)	**3,931**	6,118
Contributions to pension plan (a)	**15,679**	4,813
Housing fund, medical insurance and other social insurance	**16,523**	6,272
Total employee benefit expenses	**208,487**	94,395

(a) Contributions to pension plan

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2021: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 August 2022 and the eight month period ended 31 August 2021, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 August 2022. No forfeited contributions may be used if there is forfeited contributions.

9 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 August 2022 include two (eight months ended 31 August 2021: one) directors. Their emoluments are reflected in the analysis presented in note 37. Details of the remunerations of the remaining highest paid non-director individuals during the year are set out as follows:

	2022 RMB'000	2021 RMB'000
Salaries, wages and bonuses	**1,662**	613
Share-based payments	**1,252**	2,615
Contributions to pension plan, housing fund, medical insurance and other social benefits	**92**	70
	3,006	3,298

The remaining non-director individuals whose remuneration for the year fell within the following band are as follows:

	Year ended 31 August 2022 Number of employees	Eight months ended 31 August 2021 Number of employees
Emolument band (HKD500,001 to HKD1,000,000)	**2**	1
Emolument band (HKD1,000,001 to HKD1,500,000)	**1**	2
Emolument band (HKD1,500,001 to HKD2,000,000)	**–**	1

During the year, none of the five highest paid individuals waived or has agreed to waive any emoluments, and received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

10 FINANCE COST — NET

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Finance income		
— Interest income derived from deposits	**1,091**	823
Finance costs		
— Interest expenses relating to payables to government authority	**–**	(4,809)
— Interest expenses on bank borrowings	**(43,092)**	(26,079)
— Interest expenses on other borrowings	**(41,975)**	(12,451)
— Finance cost on lease liabilities (note 15)	**(4,337)**	(670)
— Net foreign exchange losses	**–**	(1,723)
Less: borrowing costs capitalised on qualifying assets (note 14)	**30,465**	7,594
	(58,939)	(38,138)
Finance costs — net	**(57,848)**	(37,315)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings for construction in progress during the year ended 31 August 2022, in this case was 5.70% (eight months ended 31 August 2021: 5.78%) per annum.

11 INCOME TAX EXPENSE

The amount of income tax expense charged to profit or loss in the consolidated statement of comprehensive income represents:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Current income tax		
— Current income tax for the year/period	**7,079**	1,578
Deferred income tax (note 30)	**635**	402
Income tax expense	**7,714**	1,980

The Group's principal applicable taxes and tax rates are as follows:

(a) Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands

The Company's direct subsidiary in the BVI was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from BVI income tax.

(c) Hong Kong

No provision for Hong Kong profit tax was provided as the Group did not have assessable profits derived from Hong Kong during the year ended 31 August 2022. The applicable Hong Kong profit tax rate is 16.5%.

(d) Enterprise Income Tax ("EIT")

EIT is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the year ended 31 August 2022.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. The Group's schools currently have been granted enterprise income tax exemption for the tuition and boarding income from the relevant local tax authorities. For other profits that were not related to providing academic qualification education, the applicable tax rate is 25% (eight months ended 31 August 2021: 25%) during the year ended 31 August 2022.

11 INCOME TAX EXPENSE (continued)

(e) PRC Withholding Income Tax

The profits of subsidiaries of the Group in the PRC are subject to PRC withholding income tax at a rate of 10% (eight months ended 31 August 2021: 10%) upon the distribution of such profits to the foreign investors in Hong Kong. Deferred income tax liabilities have not been provided for in this regard since it is not expected that dividends will be distributed from the Group's subsidiaries in the PRC to foreign investors in the foreseeable future. In the opinion of the Directors, such remaining earnings will be retained in Mainland China for the expansion of the Group's operation.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Loss before income tax	**(30,271)**	(16,740)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(3,170)**	(3,432)
Tax effects of:		
Net profit from the Group's schools not subject to tax	**(5,571)**	(3,181)
Expenses not deductible for tax purpose	**4,018**	1,985
Tax losses for which no deferred income tax asset has been recognised	**11,802**	5,571
Write off deferred income tax assets recognised in previous years	**635**	1,037
Income tax expense	**7,714**	1,980

11 INCOME TAX EXPENSE (continued)

(e) PRC Withholding Income Tax (continued)

The unused tax losses of the Group's companies for which no deferred tax asset has been recognised have the following expiry dates:

	As at 31 August 2022 RMB'000	As at 31 August 2021 RMB'000
Year of expiry		
2021	**–**	152
2024	**4,387**	4,387
2025	**12,455**	12,455
2026	**932**	932
2027	**3,267**	–
	21,041	17,926
No expiry date	**15,982**	7,446
	37,023	25,372

12 LOSS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 August 2022	Eight months ended 31 August 2021
Loss attributable to owners of the Company (RMB'000)	**(37,985)**	(18,720)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Basic loss per share (expressed in RMB per share)	**(0.04)**	(0.02)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of RSUs scheme. Due to the Group's negative financial resulting during the year ended 31 August 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 August 2022 is equivalent to the basic loss per share.

13 SUBSIDIARIES

The Group's principal subsidiaries at 31 August 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Company name	Date of incorporation	Country/Place of incorporation, legal status	Particulars of issued share capital as at 31 August 2022	Ownership interest held by the Group As at 31 August 2022	2021	Principal activities and place of operation
Chen Lin Education Development Limited	4 June 2018	The British Virgin Islands ("**BVI**"), limited liability company	US$1	**100%**	100%	Investment holding in BVI
Hong Kong Chen Lin Education Development Limited	14 June 2018	Hong Kong, limited liability company	HKD0.10	**100%**	100%	Investment holding in Hong Kong
Chen Lin Education Science (Jiangxi) Company Limited	5 September 2018	PRC, limited liability company	RMB300,000,000	**100%**	100%	Investment holding in PRC
Yunnan Chen Lin Human Resources Management Company Limited	17 June 2019	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC
Nanchang Di Guan Education Consultancy Company Limited	17 September 2009	PRC, limited liability company	RMB10,000,000	**100%**	100%	Investment holding in PRC
Jiangxi University of Applied Science	11 April 2002	PRC, school	RMB20,000,000	**100%**	100%	College operations in PRC
Nanchang Angyue Vocational Skills Training School Company Limited	9 April 2020	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC
Nanchang Ruicheng Education Consultancy Company Limited	24 June 2020	PRC, limited liability company	RMB500,000	**100%**	100%	Investment holding in PRC
Jiangxi Minzhuo Consulting Management Company Limited	29 September 2020	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC
Jiangxi Wenli Jishi College	4 November 2019	PRC, school	RMB500,000	**100%**	100%	Full-time vocational college operations in PRC

13 SUBSIDIARIES (continued)

Company name	Date of incorporation	Country/Place of incorporation, legal status	Particulars of issued share capital as at 31 August 2022	Ownership interest held by the Group As at 31 August 2022	2021	Principal activities and place of operation
Guizhou Institute of Industry and Trade	6 June 2016	PRC, school	RMB300,000,000	**100%**	100%	Higher vocational college operations in PRC
Guizhou Xikai Education Investment Company Limited	5 September 2011	PRC, limited liability company	RMB20,000,000	**100%**	100%	Investment holding in PRC
Zhengzhou Airport Economy Zone Yu Ren High School	25 May 2017	PRC, school	RMB100,000	**100%**	100%	Private high school operations in PRC
Henan Kun Ren Education Science Technology Company Limited	18 March 2021	PRC, limited liability company	RMB1,000,000	**100%**	100%	Investment holding in PRC
Ganzhou Chen Lin Education Investment Company Limited	20 August 2021	PRC, limited liability company	RMB50,000,000	**100%**	100%	Investment holding in PRC

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings and building improvements RMB'000	Office furniture and fixtures RMB'000	Electronic equipment RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021						
Cost	966,934	89,037	88,004	6,005	80,976	1,230,956
Accumulated depreciation	(140,688)	(49,442)	(36,701)	(2,617)	–	(229,448)
Net book amount	826,246	39,595	51,303	3,388	80,976	1,001,508
Eight months ended 31 August 2021						
Opening net book amount	826,246	39,595	51,303	3,388	80,976	1,001,508
Additions	1,414	3,687	26,211	29	101,311	132,652
Acquisition of subsidiaries	232,466	16,569	3,020	1,138	201,802	454,995
Transfers	122,871	–	–	–	(122,871)	–
Disposals	–	(26)	(4)	–	–	(30)
Depreciation charge (note 8)	(20,463)	(4,557)	(5,330)	(328)	–	(30,678)
Closing net book amount	1,162,534	55,268	75,200	4,227	261,218	1,558,447
As at 31 August 2021						
Cost	1,322,638	109,676	117,206	7,171	261,218	1,817,909
Accumulated depreciation	(160,104)	(54,408)	(42,006)	(2,944)	–	(259,462)
Net book amount	1,162,534	55,268	75,200	4,227	261,218	1,558,447
Year ended 31 August 2022						
Opening net book amount	**1,162,534**	**55,268**	**75,200**	**4,227**	**261,218**	**1,558,447**
Additions	**–**	**36,886**	**60,542**	**177**	**592,717**	**690,322**
Transfers	**360,440**	**–**	**–**	**–**	**(360,440)**	**–**
Depreciation charge (note 8)	**(36,764)**	**(13,176)**	**(12,626)**	**(557)**	**–**	**(63,123)**
Closing net book amount	**1,486,210**	**78,978**	**123,116**	**3,847**	**493,495**	**2,185,646**
As at 31 August 2022						
Cost	**1,683,078**	**146,562**	**177,748**	**7,348**	**493,495**	**2,508,231**
Accumulated depreciation	**(196,868)**	**(67,584)**	**(54,632)**	**(3,501)**	**–**	**(322,585)**
Net book amount	**1,486,210**	**78,978**	**123,116**	**3,847**	**493,495**	**2,185,646**

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Certain subsidiaries of the Group obtained a number of borrowings, in a form of sales and leaseback arrangements, from certain finance leasing companies (note 27). Whereby certain property, plant and equipment of the Group's schools were sold and leased back over thirty to thirty-six months lease terms. The Group has the option to re-acquire the property, plant and equipment on completion of the leases at nominal values. During such lease term and before the exercise of repurchase options at the expiry of lease term, such property, plant and equipment are effectively pledged as security for the borrowings, and are restricted for pledge or disposal under the agreements where leasors' prior consent must be obtained. As at 31 August 2022, the cost of assets under this restriction amounted to approximately RMB677 million (2021: RMB508 million).

Depreciation of property, plant and equipment was included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Cost of revenue	**58,641**	27,682
Administrative expenses	**4,482**	2,291
Other expenses	**–**	705
Total	**63,123**	30,678

During the year ended 31 August 2022, the Group capitalised interest on borrowings amounting to approximately RMB30,465,000 (eight months ended 31 August 2021: RMB7,594,000) on qualifying assets (note 10).

Construction-in-progress mainly comprises buildings and building improvements under construction in the PRC.

As at 31 August 2022, the carrying amount of certain buildings without building ownership certificates is RMB453,654,000 (eight months ended 31 August 2021: RMB125,290,000).

15 RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Favorable lease RMB'000	Lease of buildings RMB'000	Lease of equipment RMB'000	Total RMB'000
Eight months ended 31 August 2021					
Opening net book amount	39,874	27,959	6,750	1,988	76,571
Acquisition of subsidiaries	250,615	–	77,052	–	327,667
Depreciation charge (note 8)	(2,647)	(2,420)	(1,837)	(166)	(7,070)
Closing net book amount	287,842	25,539	81,965	1,822	397,168
As at 31 August 2021					
Cost	324,261	27,959	85,868	2,074	440,162
Accumulated depreciation	(36,419)	(2,420)	(3,903)	(252)	(42,994)
Net book amount	287,842	25,539	81,965	1,822	397,168
Year ended 31 August 2022					
Opening net book amount	**287,842**	**25,539**	**81,965**	**1,822**	**397,168**
Addition	**50,466**	**–**	**531**	**5,241**	**56,238**
Depreciation charge (note 8)	**(7,667)**	**(3,631)**	**(6,930)**	**(1,156)**	**(19,384)**
Closing net book amount	**330,641**	**21,908**	**75,566**	**5,907**	**434,022**
As at 31 August 2022					
Cost	**374,727**	**27,959**	**86,399**	**7,315**	**496,400**
Accumulated depreciation	**(44,086)**	**(6,051)**	**(10,833)**	**(1,408)**	**(62,378)**
Net book amount	**330,641**	**21,908**	**75,566**	**5,907**	**434,022**

The land use rights represent the Group's interest in leasehold land that the Group has made prepayment for the lease of the land. These include the land lots for JUAS at Xinjian district of Nanchang city, Jiangxi province, the PRC, Jishi College at Longnan district of Nanchang city, Jiangxi province, the PRC, and Guizhou Institute at Weining Yi and Hui and Miao Autonomous County of Bijie city, Guizhou province, the PRC. The land use rights are under leases of 50 years.

15 RIGHT-OF-USE ASSETS (continued)

The Group's Jishi College and Yu Ren High School lease buildings for educational services under finance leases. The respective right-of-use assets are recorded in favorable leases and lease of buildings.

The impact to profit or loss and cash flows of the right-of-use assets is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Profit or loss:		
Depreciation of right-of-use assets, charged to cost of revenue and administrative expenses	**19,384**	7,070
Interest expenses relating to lease liabilities, charged to finance costs (note 10)	**4,337**	670
Rental expense relating to short-term leases, charged to administrative expenses	**–**	57
Cash flow:		
The cash outflow for leases presented as financing activities	**(2,717)**	(22,308)

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Student base RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2021				
Cost	152,484	11,557	3,060	167,101
Accumulated amortisation	–	–	(2,527)	(2,527)
Net book amount	152,484	11,557	533	164,574
Eight months ended 31 August 2021				
Opening net book amount	152,484	11,557	533	164,574
Acquisition of subsidiaries	109,035	26,738	–	135,773
Amortisation (note 8)	–	(9,098)	(95)	(9,193)
Closing net book amount	261,519	29,197	438	291,154
At 31 August 2021				
Cost	261,519	38,295	3,043	302,857
Accumulated amortisation	–	(9,098)	(2,605)	(11,703)
Net book amount	261,519	29,197	438	291,154
Year ended 31 August 2022				
Opening net book amount	**261,519**	**29,197**	**438**	**291,154**
Additions	**–**	**–**	**660**	**660**
Amortisation (note 8)	**–**	**(19,793)**	**(100)**	**(19,893)**
Closing net book amount	**261,519**	**9,404**	**998**	**271,921**
At 31 August 2022				
Cost	**261,519**	**38,295**	**3,703**	**303,517**
Accumulated amortisation	**–**	**(28,891)**	**(2,705)**	**(31,596)**
Net book amount	**261,519**	**9,404**	**998**	**271,921**

Amortisation of the intangible assets was included in the following categories in the consolidated statements of comprehensive income:

16 INTANGIBLE ASSETS (continued)

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Cost of revenue	**19,845**	9,177
Administrative expenses	**8**	6
Other expenses	**40**	10
Total	**19,893**	9,193

Impairment test for goodwill

Goodwill was derived from the acquisition of Jishi College in December 2020, Guizhou Institute in April 2021 and Yu Ren High School in July 2021.

The Group has performed an impairment review of the carrying amount of goodwill as at 31 August 2022 and have concluded that no provision for impairment is required.

For the purposes of impairment testing, goodwill acquired has been allocated to the lowest level of CGUs identified. The recoverable amount of the CGU is determined based on value-in-use calculations. The calculation of recoverable amount of the CGU uses cash flow projections based on the financial estimates made by the Group, with reference to the prevailing market conditions, covering a period of five years and based on the following key assumptions.

	As at 31 August 2022		
	Jishi College	Guizhou Institute	Yu Ren High School
Revenue annual growth rate			
— average of the forecast period	**35.40%**	**32.02%**	**32.74%**
Average gross profit margins	**39.10%**	**63.14%**	**47.35%**
Annual average capex expenditure (RMB)	**2,342,993**	**5,293,398**	**3,979,976**
Long term annual growth rate	**2.00%**	**2.00%**	**2.00%**
Pre-tax discount rate	**18.05%**	**18.20%**	**17.00%**

17 OTHER NON-CURRENT ASSETS

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Prepayments for purchases of property, plant and equipment	**41,771**	33,181
Prepayments to a cooperate project (a)	**49,530**	–
Deposits for cooperate project (b)	**21,000**	–
	112,301	33,181

(a) In November 2021, Nanchang Di Guan and Junyiyuan Technology Development Group Limited (君億園科技發展集團有限公司) ("**Junyiyuan**"), an independent third party, entered into an agreement, pursuant to which Nanchang Di Guan acquired from Junyiyuan the right to operate and manage Jiangxi Aviation Technician College (江西航空技師學院) for a term of 10 years at a consideration of RMB49,530,000. As at 31 August 2022 and up to the date of these financial statements, Nanchang Di Guan and Junyiyuan have been working on obtaining the approval of the transfer of operating rights from the relevant authorities.

(b) In December 2021, Chen Lin Education Science and Jiangxi Henghuida Agricultural Science and Technology Co., Ltd. (江西恆暉大農業科技有限公司) ("**Henghuida**"), an independent third party, signed a non-legally binding memorandum which set out the intention of the parties to cooperate in education projects relating to agriculture, health care, ecology and sustainable development. The Group made a deposit amounting to RMB21,000,000 to Henghuida according to the memorandum.

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Financial assets		
At amortised cost:		
Cash and cash equivalents (note 22)	**286,206**	314,457
Restricted bank balances (note 22)	**11,983**	–
Trade receivables (note 19)	**11,221**	52,090
Other receivables excluding prepayments (note 20)	**57,880**	50,304
Financial assets at FVPL (note 21)	**96**	42,508
	367,386	459,359
Financial liabilities		
At amortised cost:		
Borrowings (note 27)	**1,370,753**	1,243,206
Accruals and other payables excluding non-financial liabilities (note 26)	**266,035**	107,742
Amount due to a related party (note 35(c))	**16,434**	2,570
Other non-current payables (note 31)	**273,519**	276,419
Lease liabilities (note 29)	**71,779**	64,388
	1,998,520	1,694,325

19 TRADE RECEIVABLES

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Trade receivables		
— related to students fees	**15,026**	52,893
— related to other services	**9,186**	10,103
	24,212	62,996
Provision for impairment	**(12,991)**	(10,906)
	11,221	52,090

(a) Ageing analysis of the trade receivables

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September of the year. The trade receivables represent tuition and boarding fees receivable from students who have not settled the fees on time. There is no significant concentration of credit risk.

As at 31 August 2022 and 2021, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Up to 1 year	**14,023**	43,896
1 to 2 years	**7,835**	17,681
2 to 3 years	**2,244**	1,394
Over 3 years	**110**	25
	24,212	62,996

19 TRADE RECEIVABLES (continued)

(b) Impairment of trade receivables

Movements in the provision for impairment of trade receivables are as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
At the beginning of the year/period	**10,906**	11,362
Provision for receivables impairment loss (note 8)	**9,174**	5,378
Written-off of uncollectible receivables	**(7,089)**	(5,834)
At the end of the year/period	**12,991**	10,906

(c) Fair values of trade receivables

The carrying amounts of trade receivables approximated their fair values as at the balance sheet date and were denominated in RMB.

20 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Deposit for campus constructions (a)	**28,965**	25,717
Other receivables	**22,014**	15,486
Government subsidy receivable	**–**	7,648
Input value added tax to be deducted	**6,901**	6,453
Prepayments to suppliers	**4,526**	14,993
	62,406	70,297
Provision for impairment (note 8)	**(344)**	(5,000)
	62,062	65,297

(a) The deposit for campus construction were paid to government authorities and will be refunded to the Group upon certain stage of completion of campus constructions.

The carrying amounts of other receivables and prepayments approximated their fair values as at the balance sheet date. Other receivables and prepayments were denominated in RMB.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Current assets		
Financial assets at FVPL		
— Equity investments, listed	**96**	42,508

Movements in the equity investments are as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Securities listed on the Hong Kong Stocks Exchange		
At 1 September/January	**42,508**	41,592
Disposals	**–**	(117)
Fair value (losses)/gains (note 7)	**(42,517)**	1,573
Foreign exchange gains/(losses)	**105**	(540)
At the end of year/period	**96**	42,508

The Group holds equity investment in the shares of Sinic Holdings (Group) Company Limited, a company listed on the Hong Kong Stocks Exchange (stock code: 2103). The trading of the company's shares has been suspended since September 2021. The investment was fully provided for impairment as at 31 August 2022.

The financial assets at FVPL are denominated in the following currencies:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
HKD	**96**	42,508

22 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Current assets		
Cash and cash equivalents	**286,206**	314,457
Restricted bank balances	**11,983**	–
	298,189	314,457

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
RMB	**297,332**	312,450
HKD	**852**	2,001
USD	**5**	6
	298,189	314,457

The restricted bank balances of RMB10,000,000 as at 31 August 2022 represented letter of credit to a bank pledge for purchases of property, plant and equipment (31 August 2021: nil) (note 26).

The restricted bank balances of RMB1,983,000 as at 31 August 2022 represented the restricted cash due to certain lawsuits (31 August 2021: nil).

23 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value HKD
Authorised:		
As at 1 January 2021 to 31 August 2022, at HKD0.1 each	3,800,000,000	380,000

	Number of shares	Share capital RMB'000	Share premium RMB'000
Issued:			
As at 1 January 2021	1,000,000,000	89	452,406
Dividends relating to 2020 paid in 2021	–	–	(18,643)
As at 31 August 2021 and 2022	1,000,000,000	89	433,763

24 RESERVES

(a) Capital reserve

Capital reserve represents the aggregate paid-in capital of the subsidiaries acquired, offset by investment costs in subsidiaries of the Company during the reorganisation.

(b) Statutory surplus reserves

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include:

(i) statutory reserve fund of the limited liability companies;

(ii) general reserve fund of foreign invested enterprise; and

(iii) the development fund of the Schools.

24 RESERVES (continued)

(b) Statutory surplus reserves (continued)

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "**PRC Subsidiaries**"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing the net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserve fund after such issue is not less than 25% of registered capital.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiary that is a wholly foreign-owned enterprise in China has to make appropriations from its after-tax profit (as determined under PRC accounting standards) to reserve funds including (1) general reserve fund, (2) enterprise expansion fund and (3) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC accounting standards. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the respective company's discretion.

According to the relevant PRC laws and regulations, for a private school that the sponsor does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the annual increase of net assets of the relevant school as determined in accordance with PRC accounting standards. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

(c) Retained earnings

The sponsor of non-profit private schools shall not receive proceeds from the running of the school, and the cash surplus of the non-profit private schools shall be retained for the school development only. As a result of these and other restrictions under PRC laws and regulations, the Group's schools incorporated in the PRC are restricted in their ability to transfer profit or a portion of their net assets to the Company either in the form of dividends, loans or advances. The retained earnings of the Group as at 31 August 2022 of RMB163,919,000 (31 August 2021: RMB214,479,000) included RMB292,697,000 (31 August 2021: RMB271,587,000) retained surplus of the Group's schools in the PRC and their surplus is not distributable.

25 SHARE-BASED PAYMENTS

RSUs Scheme

On 20 August 2019, the Company set up a RSUs Scheme (note 2.22) to incentivise the eligible employees, including certain directors, senior management members and employees of the Group, in exchange for their services for the Group. Pursuant to the RSUs Scheme, on 20 August 2019, approximately 4.00% of the total issued share capital of the Company for the RSUs Scheme, and the board of directors of the Company has the discretion to select RSUs eligible persons to receive RSUs under the RSUs Scheme.

The RSUs awards vest in tranches from the grant date over a certain service period, on the condition that employees remain in service without any performance requirements. Once the vesting conditions of the respective RSUs are met, the RSUs are considered duly and validly issued to the RSU holders.

Movements in the number of RSUs granted and the respective weighted average fair value at grant date are as follows:

	Number of RSUs	
	Year ended 31 August 2022	Eight months ended 31 August 2021
As at 1 September/January	**26,566,000**	28,120,000
Forfeited during the year/period	**(471,300)**	(1,554,000)
Exercisable as at the end of year/period	**26,094,700**	26,566,000

The fair value of each RSU at the grant date is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

The total share-based payments expenses recognised in the consolidated statement of comprehensive income was RMB3,931,000 (eight months ended 31 August 2021: RMB6,118,000) for the year ended 31 August 2022 (note 9).

The following assumptions were used to calculate the fair values of the RSUs by using Black-Scholes Model:

	RSUs granted on 20 August 2019
Weighted average grant date fair value per RSU (RMB)	1.78
Expected life	0.32 years
Expected volatility (i)	46.21%
Risk-free rate (ii)	2.23%

25 SHARE-BASED PAYMENTS (continued)

RSUs Scheme (continued)

(i) Expected volatility is calculated based on the historical annualised volatility of comparable companies obtained from Bloomberg.

(ii) Risk free rate is calculated based on the 3 month and 6 month yield rates of Hong Kong Treasury bonds, taking into account the expected life of the RSU. The yield rates as of valuation date are sourced from Bloomberg.

26 ACCRUALS AND OTHER PAYABLES

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Payables for purchases of property, plant and equipment	**173,079**	22,947
Employee benefit payables	**28,474**	14,765
Payables to suppliers on behalf of students	**13,430**	8,861
Letter of credit	**10,000**	–
Payables to students:		
— Prepayments received from students (a)	**6,026**	3,489
— Government subsidies and other payables to students (b)	**22,040**	17,419
— Insurance fund from government (c)	**6,626**	5,334
Other taxes payable	**6,872**	5,716
Payables for purchases of services	**5,184**	–
Retention money payables for campus constructions	**3,317**	2,622
Payables for the acquisition of subsidiaries	**–**	27,521
Others	**26,333**	19,549
	301,381	128,223

(a) The Group purchases books and other materials from suppliers on behalf of students and receives prepayments from students.

(b) The Group receives subsidies from government for distribution to students as scholarship, subsidies or other forms of incentives to students.

(c) The Group receives medical insurance funds from government for payment to students when they apply with related reimbursement supporting.

The carrying amounts of accruals and other payables approximated their fair value at the balance sheet date and were dominated in RMB.

27 BORROWINGS

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Non-current:		
Long-term bank borrowings, secured	**592,700**	615,350
Long-term bank borrowings, unsecured	**37,500**	18,500
Long-term borrowings from a financial institution, secured	**71,355**	61,895
Borrowing under finance lease arrangement	**278,749**	307,593
	980,304	1,003,338
Current:		
Current portion of long-term bank borrowings, secured	**170,469**	98,542
Current portion of long-term bank borrowings, unsecured	**9,000**	24,000
Current portion of long-term borrowings from a financial institution, secured	**19,958**	15,111
Short-term borrowings from a financial institution, secured	**–**	3,885
Borrowing under finance lease arrangement	**191,022**	98,330
	390,449	239,868
Total borrowings	**1,370,753**	1,243,206

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings, secured as at 31 August 2022 of RMB763,169,000 (31 August 2021: RMB713,892,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's schools (note 5(e))and shares of a subsidiary and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's long-term bank borrowings, unsecured as at 31 August 2022 of RMB46,500,000 (31 August 2021: RMB42,500,000) were obtained in the PRC and supported by guarantees provided by Mr. Huang Yulin and his family members.

The Group's long-term borrowings from a financial institution of RMB91,313,000 (31 August 2021: RMB77,006,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's borrowing under finance lease arrangement of RMB469,771,000 (31 August 2021: RMB405,923,000) were secured by the pledge of the Group's property, plant and equipment, shares of a subsidiary and rights over the tuition fees and boarding fees of the Group's schools, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

27 BORROWINGS (continued)

(b) Repayment periods, interest and denomination currency

The Group's borrowings as at the balance sheet date are repayable as follows:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Within 1 year	**390,449**	239,868
Between 1 and 2 years	**341,347**	394,652
Between 2 and 5 years	**368,957**	408,686
Over 5 years	**270,000**	200,000
Total	**1,370,753**	1,243,206

For the year ended 31 August 2022, the weighted average effective interest rates on borrowings was 6.36% (eight months ended 31 August 2021: 6.92%) per annum.

The Group's borrowings are denominated in the following currencies as:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
RMB	**1,370,753**	1,239,321
HKD	**–**	3,885
	1,370,753	1,243,206

The carrying amounts for majority of the borrowings approximated their fair values as at the balance sheet date as they were carried at floating interest rates.

27 BORROWINGS (continued)

(c) Undrawn borrowing facilities

The Group has the following undrawn borrowing facilities as at the balance sheet dates:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Bank borrowings		
— Expiring within one year	**40,000**	50,000
— Expiring beyond one year	**2,000**	140,000
	42,000	190,000
Borrowings under finance lease arrangement		
— Expiring beyond one year	**50,000**	–
	92,000	190,000

28 DEFERRED REVENUE

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Government grants		
Non-current	**67,810**	16,305
Current	**4,456**	2,877
Total	**72,266**	19,182

The government grants were received from the local government as subsidies to the Group's purchase of land use right and property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

28 DEFERRED REVENUE (continued)

The movements of the above deferred revenue during the year/period are as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
As at 1 September/January	**19,182**	19,063
Additions	**56,035**	1,900
Released to other income (note 6)	**(2,951)**	(1,781)
As at the end of year/period	**72,266**	19,182

29 LEASE LIABILITIES

	As at 31 August 2022			As at 31 August 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Buildings	**1,639**	**62,998**	**64,637**	1,799	60,731	62,530
Equipment	**2,746**	**4,396**	**7,142**	290	1,568	1,858
Total	**4,385**	**67,394**	**71,779**	2,089	62,299	64,388

The Group leases buildings and equipment for its operations and these liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid.

30 DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**–**	635
Total	**–**	635

The gross movements in the deferred income tax account are as follows:

	Temporary difference in respect of accruals RMB'000	**Tax losses RMB'000**	**Total RMB'000**
Deferred income tax assets			
As at 1 January 2021	350	687	1,037
Credited/(charged) to the profit or loss (note 11)	285	(687)	(402)
As at 31 August 2021	635	–	635
(Charged)/credited to the profit or loss (note 11)	**(635)**	**–**	**(635)**
As at 31 August 2022	**–**	**–**	**–**

31 OTHER NON-CURRENT PAYABLES

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Payables to government authority in respect of government grants received (a)	**266,254**	274,479
Payables for purchases of property, plant and equipment	**7,265**	1,940
	273,519	276,419

(a) The Group's non-current other payables to government authority were related to government grants received by Guizhou Institute and its sponsor company, both are subsidiaries of the Group, for the construction of the school campus of the predecessor school of Guizhou Institute in past years. The government grants were assessed to be with ongoing conditions and requirements that have not been fully fulfilled by Guizhou Institute and its sponsor, and accordingly the grants were recognised as payables to government authorities. The Group acquired Guizhou Institute and its sponsor company in April 2021 and the amounts payable were stated at their fair values as at the date of acquisition according to IFRS 3 "Business combinations". During the year ended 31 August 2022, the management of the Group re-assessed the payable based on the latest available information including, inter alia, the fact that Guizhou Institute had submitted the application for conversion from not-for-profit school to for-profit school in October 2022, as well as the Group's on-going fulfilment of the conditions and requirements attached to the government grants. The conversion will involve a financial clearing process to identify and assess the values of the assets and liabilities of the Guizhou Institute, including the determination of the nature of investment of government fundings and the amount to be repaid to government upon completion of the conversion (if any). As result of such assessment, the amount of payables to government authority was reduced to RMB266,254,000 as at 31 August 2022 based on the latest estimate of the fair value of such payables by management, and a corresponding gain of RMB8,225,000 was recognised in other income — government grants (note 6) for the year ended 31 August 2022. It is the directors and management's view that the final amount of payables to government authorities, and the timing of the payment, are subject to the finalisation of the conversion process which is expected to be finalised beyond twelve months from 31 August 2022.

32 DIVIDENDS

At a meeting of the Board held on 30 November 2022, the Board resolved not to propose a final dividend in respect of the year ended 31 August 2022. No dividends have been paid or declared by the Group for the eight months ended 31 August 2021.

33 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Loss before income tax	**(30,271)**	(16,740)
Adjustments for		
— Depreciation of property, plant and equipment (note 14)	**63,123**	30,678
— Depreciation of right-of-use assets (note 15)	**19,384**	7,070
— Amortisation of intangible assets (note 16)	**19,893**	9,193
— Finance costs (note 10)	**50,714**	38,138
— Net impairment losses on financial assets (note 8)	**5,895**	10,378
— Non-cash employee benefits expense-share based payments (note 25)	**3,931**	6,118
— Losses on disposal of property, plant and equipment	**–**	18
— Net fair value losses/(gains) on financial assets at fair value through profit or loss (note 21)	**42,517**	(1,573)
— Gains on disposal of financial assets at fair value through profit or loss	**–**	(76)
— Net exchange differences	**400**	(1,014)
— Amortisation of deferred revenue (note 28)	**(2,951)**	(1,781)
Changes in working capital:		
— Trade and other receivables and prepayments	**(23,818)**	(28,332)
— Accruals and other payables	**49,955**	10,834
— Contract liabilities	**275,352**	(89,489)
Net cash generated from/(used in) operating activities	**474,124**	(26,578)

33 CASH FLOW INFORMATION (continued)

(b) Proceeds from disposal of property, plant and equipment

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Net book value (note 14)	–	30
Losses on disposal of property, plant and equipment	–	(18)
Proceeds from the disposals	–	12

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Cash and cash equivalents (note 22)	286,206	314,457
Financial asset at FVPL (note 21)	96	42,508
Borrowings (note 27)	(1,370,753)	(1,243,206)
Amount due to a related party — loan nature (note 35)	(16,434)	(2,570)
Lease liabilities (note 29)	(71,779)	(64,388)
Net debt	(1,172,664)	(953,199)

33 CASH FLOW INFORMATION (continued)

(c) Net debt reconciliation (continued)

	Liabilities from financing activities				Other assets		
	Borrowings RMB'000	Loans from a related party RMB'000	Leases RMB'000	Sub-total RMB'000	Cash and cash equivalents RMB'000	Liquid investments RMB'000	Total RMB'000
Net debt as at 31 December 2020	(718,784)	(2,501)	(8,974)	(730,259)	355,594	45,687	(328,978)
Cash flows	(379,829)	(69)	22,308	(357,590)	(42,213)	(4,212)	(404,015)
Lease from acquired companies	–	–	(77,052)	(77,052)	–	–	(77,052)
Borrowings from acquired companies	(132,404)	–	–	(132,404)	–	–	(132,404)
Other changes (i)	(12,189)	–	(670)	(12,859)	1,076	1,033	(10,750)
Net debt as at 31 August 2021	(1,243,206)	(2,570)	(64,388)	(1,310,164)	314,457	42,508	(953,199)
Cash flows	**(123,457)**	**(13,864)**	**2,717**	**(134,604)**	**(28,333)**	**–**	**(162,937)**
Other changes (i)	**(4,090)**	**–**	**(10,108)**	**(14,198)**	**82**	**(42,412)**	**(56,528)**
Net debt as at 31 August 2022	**(1,370,753)**	**(16,434)**	**(71,779)**	**(1,458,966)**	**286,206**	**96**	**(1,172,664)**

(i) Other changes include non-cash movements, including accrued interest expense, foreign exchange loss and net fair value (losses)/gains due from financial assets at FVPL which will be presented as operating cash flows in the statement of cash flow when paid.

34 COMMITMENTS

Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	As at 31 August	
	2022 RMB'000	2021 RMB'000
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment, and construction of buildings	**437,698**	475,430

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The owners, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors, the related party transactions were carried out in the normal course of business of the Group and at terms negotiated between the Group and the respective related parties.

(a) Related parties of the Group

Name of related parties	Relationship
Mr. Huang Yulin	The Controlling Shareholder, chairman and executive director

The Group also had transactions with the family members of the Controlling Shareholder.

Save as disclosed elsewhere in these financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the year ended 31 August 2022 and for the eight months ended 31 August 2021, and the balances arising from related party transactions as at the respective balance sheet dates.

(b) Transactions with related parties

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
(i) Loans from a related party		
— Mr. Huang Yulin	**13,864**	69
(ii) Guarantees provided by related parties to the Group's borrowings:		
— Mr. Huang Yulin and his family members	**650,082**	572,928
	663,946	572,997

35 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Amount due to a related party		
— Mr. Huang Yulin (non-trade)	**16,434**	2,570

The amount due to a related party is unsecured, non-interest bearing and payable on demand.

(d) Key management compensation

Key management includes directors (executive and non-executive), executive officers, and the Company's secretary. The compensation paid or payable to key management for employee services is as follows:

	Year ended 31 August 2022 RMB'000	Eight months ended 31 August 2021 RMB'000
Salaries and bonuses	**8,134**	5,824
Share-based payments	**2,624**	2,622
Other benefits	**3,070**	2,090
	13,828	10,536

36 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 August 2022 RMB'000	2021 RMB'000
Assets		
Non-current assets		
Investments in subsidiaries	**841,769**	837,838
Current assets		
Other receivables and prepayments	**153**	153
Amounts due from subsidiaries	**400,894**	400,894
Cash and cash equivalents	**526**	873
	401,573	401,920
Total assets	**1,243,342**	1,239,758
Liabilities		
Current liabilities		
Other payables	**322**	242
Amounts due to subsidiaries	**8,918**	8,918
Total liabilities	**9,240**	9,160
Equity		
Share capital	**89**	89
Share premium	**433,763**	433,763
Other reserves	**789,000**	789,000
Shares-based payments reserve	**52,769**	48,838
Statutory surplus reserves	**2**	2
Accumulated losses	**(41,521)**	(41,094)
Total equity	**1,234,102**	1,230,598
Total equity and liabilities	**1,243,342**	1,239,758

The balance sheet of the Company was approved by the Board of Directors on 30 November 2022 and was signed on its behalf.

Mr. Huang Yulin	**Mr. Yang Ruichen**
Chairman	*Director*

36 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (continued)

(b) Reserve movements of the Company

	Other reserve RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Statutory surplus reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021	789,000	452,406	42,720	–	(41,111)	1,243,015
Profit for the period	–	–	–	–	19	19
Dividends relating to 2020 paid in 2021	–	(18,643)	–	–	–	(18,643)
Profit appropriation to statutory reserve	–	–	–	2	(2)	–
Share-based payments expense	–	–	6,118	–	–	6,118
At 31 August 2021	789,000	433,763	48,838	2	(41,094)	1,230,509
At 1 September 2021	**789,000**	**433,763**	**48,838**	**2**	**(41,094)**	**1,230,509**
Loss for the year	**–**	**–**	**–**	**–**	**(427)**	**(427)**
Share-based payments expense	**–**	**–**	**3,931**	**–**	**–**	**3,931**
At 31 August 2022	**789,000**	**433,763**	**52,769**	**2**	**(41,521)**	**1,234,013**

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Benefits and interests of directors

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 August 2022 and for the eight months ended 31 August 2021 are set out as follows:

Name of directors	Directors' fee RMB'000	Basic salaries RMB'000	Share-based payments expense RMB'000	Welfare, medical and other expenses RMB'000	Contribution to pension plan RMB'000	Total RMB'000
For the year ended 31 August 2022						
Chairman						
Mr. Huang Yulin (i)	1,998	2,297	–	13	16	4,324
Executive directors						
Ms. Gan Tian	–	456	–	35	15	506
Mr. Wang Li	–	240	385	33	15	673
Mr. Liu Chunbin (iv)	–	219	225	31	15	490
Mr. Wang Shenghua (iv)	–	120	–	–	–	120
Mr. Yang Ruichen (iv)	–	1,099	–	–	15	1,114
Non-executive director						
Mr. Li Cunyi (v)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chen Wanlong	255	–	–	–	–	255
Mr. Wang Donglin	123	–	–	–	–	123
Mr. Huang Juyun	123	–	–	–	–	123
Mr. Sy Lai Yin, Sunny (vi)	110	–	–	–	–	110
	2,609	4,431	610	112	76	7,838

37 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Benefits and interests of directors (continued)

Name of directors	Directors' fee RMB'000	Basic salaries RMB'000	Share-based payments expense RMB'000	Welfare, medical and other expenses RMB'000	Contribution to pension plan RMB'000	Total RMB'000
For the eight months ended 31 August 2021						
Chairman						
Mr. Huang Yulin (i)	1,338	1,158	–	28	24	2,548
Executive directors						
Mr. Zheng Junhui (ii)	–	14	–	1	–	15
Ms. Gan Tian	–	196	–	22	24	242
Mr. Wang Li	–	160	551	19	21	751
Mr. Bau Siu Fung (ii)	–	1,625	–	–	–	1,625
Mr. Liu Chunbin (iv)	–	147	–	22	23	192
Mr. Wang Shenghua (iv)	–	108	–	–	–	108
Mr. Yang Ruichen (iv)	–	694	–	–	–	694
Non-executive director						
Mr. Li Cunyi (v)	–	36	–	–	–	36
Independent non-executive directors						
Mr. Chen Wanlong	104	–	–	–	–	104
Mr. Wang Donglin	82	–	–	–	–	82
Mr. Huang Juyun	82	–	–	–	–	82
Mr. Chan Hon Ki (iii)	76	–	–	–	–	76
Mr. Sy Lai Yin, Sunny (vi)	18	–	–	–	–	18
	1,700	4,138	551	92	92	6,573

37 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Benefits and interests of directors (continued)

(i) Mr. Huang Yulin was appointed as the chief executive officer of Group with effect from 30 October 2020 and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

(ii) Mr. Zheng Junhui resigned as an executive director of the Company on 23 February 2021. Mr. Bau Siu Fung resigned as an executive director, the chief financial officer and the company secretary authorized representative of the Company under Rule 3.05 of the Listing Rules with effect from 3 May 2021, 28 May 2021 and 31 May 2021, respectively.

(iii) Mr. Chan Hon Ki resigned as an independent non-executive director of the Company with effect from 30 June 2021.

(iv) Mr. Liu Chunbin, Mr. Wang Shenghua and Mr. Yang Ruichen were appointed as the executive directors of the Company with effect from 7 July 2021.

(v) Mr. Li Cunyi redesignated from an executive director to a non-executive director of the Company with effect from 7 July 2021.

(vi) Mr. Sy Lai Yin, Sunny was appointed as an independent non-executive director of the Company, a member of the remuneration committee and a member and the chairman of the audit committee of the Company with effect from7 July 2021.

(b) Other disclosures

Other than those disclosed above and those disclosed in notes 25, 27 and 35(b)

— there were no retirement benefits paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries during the year ended 31 August 2022 (eight months ended 31 August 2021: nil).

— there were no termination benefits paid to or receivable by any director during the year ended 31 August 2022 (eight months ended 31 August 2021: nil).

— no payment was made to the directors for making available the services of them as a director of the Company during the year ended 31 August 2022 (eight months ended 31 August 2021: nil).

— there were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors during the year ended 31 August 2022 (eight months ended 31 August 2021: nil).

— there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year.