希望教育集團有限公司
Hope Education Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1765

2022

ANNUAL REPORT

Contents

Page

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Changjun
Mr. Wang Huiwu *(Chief Executive Officer)*
Mr. Li Tao

Non-executive Directors

Mr. He Shengli *(Chairman)*
Mr. Tang Jianyuan
Mr. Lu Zhichao

Independent Non-executive Directors

Dr. Gao Hao
Mr. Chen Yunhua
Mr. Zhang Jin

Audit Committee

Mr. Zhang Jin *(Chairman)*
Mr. Lu Zhichao
Mr. Tang Jianyuan
Mr. Chen Yunhua
Dr. Gao Hao

Nomination and Remuneration Committee

Mr. Chen Yunhua *(Chairman)*
Mr. Wang Huiwu
Dr. Gao Hao

Strategy and Development Committee

Mr. Wang Huiwu *(Chairman)*
Mr. Xu Changjun
Mr. He Shengli
Mr. Lu Zhichao
Mr. Li Tao

AUTHORIZED REPRESENTATIVES

Mr. Li Tao
Ms. Chan Yin Wah

JOINT COMPANY SECRETARIES

Mr. Huang Zhongcai
Ms. Chan Yin Wah

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

5/F, Administrative Building
Sichuan TOP IT Vocational Institute
2000 Xi Qu Avenue, Pidu District
Chengdu, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAW

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

COMPLIANCE ADVISOR

Giraffe Capital Limited
3/F, 8 Wyndham Street
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PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
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 BANKERS

Bank of China
China Minsheng Bank

COMPANY'S WEBSITE

www.hopeedu.com

STOCK CODE

1765

OUR SCHOOLS

We operate 23 schools domestically and overseas, including 10 colleges & universities, 11 junior colleges and 2 technician colleges

INTI International University, Malaysia
A higher education institution that offers junior college, pre-university, bachelor, master and doctor degrees
M&A in 2020
Shinawatra University, Thailand
A higher education institution that offers junior college, pre-university, bachelor, master and doctor degrees
M&A in 2021
Wekerle Business School
Newly Acquired

Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the annual report of the Company for the financial year ended 31 August 2022.

OVER THE PAST YEAR, THE COMPANY ACHIEVED SUSTAINED AND STEADY DEVELOPMENT.

Firstly, the number of higher education degrees offered to society continues to increase. In the current fiscal year, the schools of the Company further expanded and the ability to serve the society was further enhanced. The number of new higher education degrees provided by schools operated by the Company continued to increase. 95,000 students were newly recruited in September 2022, hitting a record high.

Secondly, the quality of talent training continued to improve. All schools accelerated the construction of "one school with one characteristic". Through the building of strong specialties, the rail transportation characteristic of the Southwest Jiaotong University Hope College, the electronic information technology characteristic of Sichuan Top IT Vocational Institute, the automobile characteristic of Sichuan Hope Automotive Vocational College and the Sichuan Hope Automotive Technician College, the comprehensive health characteristic of Sichuan Tianyi College and the characteristic of early childhood education of Sichuan Vocational College of Culture & Communication are more distinctive. The employment rate of graduates of each school is higher than the average level of the province.

Thirdly, the sustainable development of schools was further enhanced. In the 2022 school year, we introduced more than 2,400 new teachers and organized 2,309 teacher training sessions. The Company has organized various schools to complete the development of case-based teaching resources which integrate both theory and practice based on the ability needs of 1,145 job positions, these teaching resources have been using in over 50% of the schools of the Group. The schools have successively established cooperative relationships with more than 3,000 enterprises and institutions to promote a talent training model for real production and working environment.

In November this year, the Company newly acquired Wekerle sandor Business School, and the number of overseas schools operated by the Company reached three. The number of overseas schools and students ranked first among listed higher education companies. This has not only provided new space for the collaborative development of domestic and overseas schools, but also comprehensively enhanced the ability to serve the national Belt and Road Initiative.

IN THE FUTURE, WE WILL CONTRIBUTE TO THE BUILDING OF A STRONG EDUCATION NATION.

The Vocational Education Law (《職業教育法》), which was newly amended in April this year, clearly stated that "the State supports social forces to participate in vocational education extensively and equally" and "encourages enterprises to run high-quality vocational education"; the 20th CPC National Congress convened in October emphasizes that "education, technology and talents are the fundamental and strategic support for building a modern socialist country in an all-round way" and "giving priority to education development, technological self-reliance and self-improvement, and talent-driven development"; and the Outline for the Strategic Plan for Expanding Domestic Demand (2022-2035) (《擴大內需戰略規劃綱要(2022-2035年)》) issued by the CPC Central Committee and the State Council in December reinforced that "the State encourages social forces to provide diversified education services and supports and regulates the development of private education". As China promotes the building of a strong education nation and vigorously develop vocational education, and supports new planning, new blueprint and new policies for the development of private education, our confidence in the development of the Company has further enhanced. The Company will focus on vocational education with in-depth, intensive and meticulous cultivation, so as to promote the sustainable development of its schools and the Company.

The Company and its schools will unswervingly carry out talent cultivation focusing on improving students' professional abilities, increase investment in improving school conditions, continue to optimize the professional structure according to social needs, and continuously reform and optimize courses, teaching materials and teaching methods to meet the requirements of job skills. We will continue to increase the introduction and training of teachers, continuously improve the quality of talent training, and comprehensively enhance the brand value of our schools. Under the guidance of the national "Go Out policy", the Company will steadily expand the overseas higher education market and actively promote the synergistic development of overseas institutions to ensure the realization of sustainable development.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to all local governments, all sectors of society and our Shareholders for their long-term care and support for the development of the Company. I would also like to thank all students and their parents. Also, I would like to express my sincere appreciation to the Board members, senior management as well as the management and teaching staff within our schools for their contribution and dedication. We will work together with integrity to strive for innovation and forge ahead with vigor to create new chapters.

Hope Education Group Co., Ltd.
He Shengli
Chairman
Hong Kong, 30 November 2022

HIGHLIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

REVIEW ON INDUSTRY POLICIES

1. **In October 2021, the General Office of the CPC Central Committee and the General Office of the State Council issued the Guidelines on Promoting the High-quality Development of Modern Vocational Education (《關於推動現代職業教育高質量發展的意見》),** which proposed not only to optimize diversified school operation layout, but also to encourage listed companies and industry leading enterprises to operate vocational education; by 2025, the fundamental establishment of a modern vocational education system will be completed, while the enrollment scale of vocational undergraduate education should not be less than 10% of that of higher vocational education, with the attractiveness and nurturing quality of vocational education being significantly enhanced; by 2035, the overall level of vocational education will enter the forefront of the world, and the construction of a skilled-based society will be fundamentally accomplished. Such guidelines further clarified the legitimacy of operating vocational education by listed companies, which provided a solid policy guarantee and a clear development direction for the development of the Company.

2. **On 20 April 2022, the Vocational Education Law of the People's Republic of China (《中華人民共和國職業教育法》) was considered and approved at the 34th meeting of the 13th National People's Congress Standing Committee,** which explicitly states that "vocational education is as important as regular education, and an important constituent of the national education system and the human resource development". It also clearly stated that vocational education "is transformed from the pattern where vocational education is mainly organized by government authorities to one where vocational education management is coordinated by government authorities and organized by various parties", and the management system of "overall planning by the government, hierarchical management, dependence on local resources, industries' guidance, cooperation between schools and enterprises, and participation of the private sector" shall be implemented, which have laid a legal foundation for promoting the construction of a modern vocational education system. The Vocational Education Law (《職業教育法》) ensured that students in vocational schools shall enjoy equal opportunities with students in ordinary schools at the same level in terms of further education, employment, and career development; demonstrated the rights of enterprises to hold high-quality vocational education, and established supportive policies including "rewards, as well as financial, fiscal, land and other support will be given in accordance with regulations, and the education surcharges, local education surcharge reductions and exemptions and other tax benefits will be implemented", which has greatly boosted the confidence of the society, companies and vocational education practitioners in developing vocational education.

3. **On 15 August 2022, the Ministry of Education's response to the No. 0588 proposal of the 5th meeting of the 13th National People's Congress clarified that:** firstly, as an important component of higher education, private higher education has played an important role in giving full play to the functions of higher education, building a powerful country with higher education, and running a satisfactory education for the people. Secondly, the development of private education shall be supported and standardized, where private and public institutions shall be fairly treated in terms of qualification access, title assessment, land supply, financial support, government procurement, supervision and management, etc., while the high-quality development of private higher education should be promoted. Thirdly, innovative education investment and financing mechanisms should be actively promoted to attract social funds through multiple channels, and expand the source of funds for operating schools. Among which, financial institutions are encouraged to develop financial products suitable for the characteristics of private schools under the premise of controllable risks, explore the future operating income of operating private schools as well as intellectual property pledge loan businesses, and provide diversified financial services such as bank loans, trusts and financial leases. The Ministry of Education's response to the proposal of the National People's Congress evidenced the country's active support for the development of private higher education.

4. **On 7 September 2022, the State Council made the decision to provide preferential loans for the purchase and renewal of equipments by institutions including colleges and universities, vocational colleges and training bases,** with a 2.5 percentage points interest discount from the central government for a period of 2 years. During the period from 1 September 2022 to 31 December 2022, 21 financial institutions shall issue loans to projects on the list at an interest rate not higher than 3.2%. The State supports schools to reduce financial costs, improve school conditions, implement the strategy of rejuvenating the country through science and education, and promote the high-quality development of education through special loans and other actual fiscal means.

5. **On 7 October 2022, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Strengthening the Building of a Highly Skilled Workforce for the New Era (《關於加強新時代高技能人才隊伍建設的意見》),** which indicated that skilled talents are an important force supporting "Made in China" and "Created in China". It mentioned that by the end of the "14th Five-Year Plan" period, skilled talents will account for not less than 30% of the employed population, where highly skilled talents will account for one-third of skilled talents; endeavors shall be made to accomplish the mission by 2035 that the number and structure of skilled talents will be commensurate with the requirement for basically achieving socialist modernization. Such document explicitly required and encouraged various enterprises, public institutions, social groups, and other social organizations to participate in the formation of vocational education and training institutions in accordance with the law by sole proprietorship, joint venture, cooperation, and other means, and actively participate in supplying services to be procured by the government. If an enterprise included in the scope of construction and cultivation of enterprises integrating industries and education makes qualified investments in provision of vocational education, it may claim a credit equivalent to 30% of the investments against its education surcharge liability and local education surcharge liability for the current year in accordance with relevant provisions; it also required that the types of vocational education, distribution of schools, and programs of study shall be optimized. Measures such as parallel enrollment allowing secondary vocational schools and general high schools to enroll students in the same batch shall be taken. The mode of training skilled talents integrating work and study shall be generally implemented in technical schools; vocational schools shall be allowed to provide social training and technical services for a fee, or start businesses, and may independently arrange and use a certain proportion of the income obtained to cover school operating expenses. Such policy in relation to strengthening the building of a highly skilled workforce for the new era indicated that the country will implement more active measures to guide and mobilize all forces to participate in the building of highly skilled workforce for the new era, and provide more high-quality skilled talents to the society.

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

OUR BUSINESS DEVELOPMENT ACHIEVEMENTS BY SCHOOLS

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant Events during the Reporting Period

1. On 20 November 2021, a sale and purchase agreement entered into between Hope Education Group (Hong Kong) Co., Ltd. and Chengdu Pengyang Enterprise Management Consulting Limited* (成都鵬陽企業管理諮詢有限公司) dated 31 August 2021 in relation to the disposal of the entire issued share capital of Sichuan Tequ Mayflower Education Management Co., Ltd.* (四川特驅五月花教育管理有限公司) had been approved by independent Shareholders by way of poll at an extraordinary general meeting of the Company. Pursuant to the aforesaid agreement, Hope Education Group (Hong Kong) Co., Ltd. agreed to sell 100% equity interest of Sichuan Tequ Mayflower Education Management Co., Ltd.* (四川特驅五月花教育管理有限公司) to Chengdu Pengyang Enterprise Management Consulting Limited* (成都鵬陽企業管理諮詢有限公司) (being a connected person of the Company) for a total consideration of RMB527 million. For details, please refer to the Company's announcements dated 31 August 2021 and 21 November 2021 and circular dated 5 November 2021.

2. On 23 December 2021, Hope Education, being a consolidated affiliated entity of the Company, and Meishan Tequ Linjia Education Consultation Limited* (眉山特驅林嘉教育諮詢有限公司) entered into the Shuanglin Education equity transfer agreement, pursuant to which Hope Education conditionally agreed to purchase and Meishan Tequ Linjia Education Consultation Limited agreed to sell 100% equity interest of Meishan Tequ Shuanglin Education Consultation Limited* (眉山特驅雙林教育諮詢有限公司) for a total consideration of RMB50 million. For details, please refer to the Company's announcement dated 24 December 2021.

3. On 21 January 2022, the school construction framework agreement dated 18 November 2021 entered into between Hope Education and Sichuan Wuyang Construction Engineering Limited Company* (四川五陽建築工程有限公司) (being a connected person of the Company), the transactions contemplated thereunder and the annual caps had been approved by independent Shareholders by way of poll at an extraordinary general meeting. For details, please refer to the Company's announcements dated 18 November 2021 and 21 January 2022 and the Company's circular dated 5 January 2022.

4. On 18 February 2022, Mr. Xu Changjun stepped down as the chairman of the Board due to personal reasons but remained as an executive Director. Mr. He Shengli, a non-executive Director, had been appointed as the chairman of the Board with effect from 18 February 2022. For details, please refer to the Company's announcement dated 18 February 2022.

5. On 28 February 2022, Ms. Leung Wing Han Sharon had resigned as the joint company secretary and the authorized representative of the Company, and Ms. Chan Yin Wah had been appointed as a joint company secretary and the authorized representative of the Company with effect from 28 February 2022. For details, please refer to the Company's announcement dated 28 February 2022.

6. On 18 April 2022, consolidated affiliated entities of the Company entered into properties acquisition agreements with the wholly-owned subsidiaries of Sichuan Mayflower Enterprise Management Co., Ltd. To better respond to the spirit of the Central Committee "improving training quality and running vocational education well", we invested resources in quality education to support college development and make the properties as the training venues and student accommodation. For details, please refer to the Company's announcement dated 19 April 2022.

7. On 26 April 2022, a wholly-owned subsidiary of the Company completed the issuance of asset-backed notes (ABN). The issuance of ABN is mainly for debt replacement and debt structure optimization, under which debts due for payment will be gradually replaced with long-term debts. The ABN is in the amount of RMB800,000,000 with a duration of 3 years. With short-term funds replaced with long-term funds, the Company can achieve better debt structure optimization. For details, please refer to the Company's announcement dated 26 April 2022.

8. On 11 May 2022, the Company granted share options to certain Directors and employees of the Company pursuant to the Company's share option scheme adopted on 18 March 2022. The share options entitle the grantees to subscribe for a total of 802,750,000 ordinary shares with a nominal value of US$0.00001 each in the capital of the Company upon the exercise of the share options in full. For details, please refer to the Company's announcements dated 18 March 2022, 11 May 2022 and 23 September 2022 and the Company's circular dated 7 September 2022.

Our Schools

Southwest China

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

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

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

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

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

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

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

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

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

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

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

East China

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

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

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

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

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

North China

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

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

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

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

Central China

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

The college in Henan is the only automobile engineering ordinary higher education institution in Henan Province. The college offers 40 majors in automobile, electronics, machinery, economics and management disciplines to address the development needs of the automobile industry. Since 2022, 3 provincial level projects, 5 utility model patents have been added, while 22 essays have been published, consisting of 4 core journals and 3 master works; 5 municipal level subjects have been awarded, consisting of one first prize, one second prize and three third prizes. The college has successively won more than 40 honors, such as the "National Employees' Education and Training Role Model" (全國職工教育培訓示範點), "Civilized Unit of Henan Province" (河南省文明單位), "Distinguishing Vocational Education College of Henan Province" (河南省職業教育特色院校), "Advanced Unit for Building of Grass-root Party in Higher Education Institution of Henan Province" (河南省高校基層黨組織建設先進單位), "Prize of Excellent Achievements in Higher Education Institution Campus Culture Construction of Henan Province" (河南省高等院校校園文化建設優秀成果獎), "Advanced Party School of Grass-root Party of Henan Province"(河南省基層黨組織先進黨校), "Outstanding Private Higher Education Institute of Henan Province During 40 Years of Reform and Opening Up"(改革開放40年河南省優秀民辦高校), "Life-long Learning Brands of Hebi City" (鶴壁市終身學習品牌) and more. The college has established good employment relationship with various prominent automobile manufacturing and related enterprises, and entered into tailor-made cooperation agreements with them. Employment rate of graduates has kept above 97% for many years in a row.

Northwest China

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

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

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

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

Overseas

At present, we have 2 schools overseas, including:

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

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

Our Students

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

	Student Enrollment	
Schools	**As at 31 October 2022**	As at 1 November 2021
Undergraduate colleges	**143,402**	119,050
Junior colleges	**124,905**	98,465
Technical education	**12,146**	14,544
Total	**280,453**	232,059

Campus Utilisation Rate

	As at 31 October 2022	As at 1 November 2021
Total number of student enrollment	**280,453**	232,059
Total capacity	**305,581**	256,503
Overall utilisation rate	**91.8%**	90.5%

Note:

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

OUTLOOK

1. Pursue the development strategy of "quality-first"

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Non-IFRS Measurement

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

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

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

Calculation of adjusted gross profit

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

Description:

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

Calculation of adjusted net profit

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

Description:

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

Overview

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

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

Revenue

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

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

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

Other Income and Gains

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

Selling Expenses

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

Administrative Expenses

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

Other Expenses

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

Finance Costs

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

Profits for the Reporting Period

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

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

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

Capital expenditure

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

Capital Commitments

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

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

Liquidity, Financial Resources

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

Indebtedness

Bank Loans and Other Borrowings

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

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

Current Ratio

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

Contingent Liabilities

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

Net Debt to Equity Ratio

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

Debt to Equity Ratio

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

OTHER EVENTS

Events after the Reporting Period

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

AUDIT COMMITTEE

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

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

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

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve a term of three years, which is renewable upon re-election.

The following table sets out key information in respect of the Directors of our Company:

Name	Age	Date of Joining the Group	Position	Date of Appointment	Responsibility
XU Changjun (徐昌俊)	65	18 April 2012	Executive Director	13 February 2017	Responsible for business development of the Group
WANG Huiwu (汪輝武)	49	5 January 2005	Executive Director, Chief Executive Officer, President	13 March 2017 2 February 2018 2 February 2018	Responsible for implementing Board resolutions, overall strategic planning and operational management of the Group
LI Tao (李濤)	52	5 December 2010	Executive Director, Chief Strategy Office	13 March 2017 2 February 2018	Responsible for business development of the Group
TANG Jianyuan (唐健源)	54	7 September 2016	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
LU Zhichao (呂志超)	51	13 March 2017	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
HE Shengli (賀勝利)	50	24 June 2021	Non-executive Director, Chairman	24 June 2021 18 February 2022	Responsible for monitoring overall management and strategic planning of the Group and overseeing the affairs of the Board
ZHANG Jin (張進)	64	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
CHEN Yunhua (陳雲華)	70	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
GAO Hao (高皓)	40	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice

The following table sets out key information in respect of the senior management of our Company:

Name	Age	Date of First Joining the Group	Position	Date of Appointment	Roles and Responsibilities
WANG Huiwu (汪輝武)	49	5 January 2005	Chief Executive Officer, President	2 February 2018 2 February 2018	Responsible for implementing Board resolutions, overall strategic planning and operational management of the Group
JIANG Lin (蔣林)	55	18 February 2016	Chief Operating Officer, Executive Vice President	2 February 2018 2 February 2018	Responsible for overseeing the day-to-day operations of the Group
LOU Qunwei (婁群偉)	53	12 January 2005	Senior Vice President	2 February 2018	Responsible for the teaching and management of students
YUAN Junmin (袁俊民)	41	1 January 2021	Chief Financial Officer	1 January 2021	Responsible for finance management of the Group
HUANG Zhongcai (黃忠財)	37	1 July 2014	Vice President, Joint Company Secretary	22 November 2018 15 March 2018	Responsible for capital operations and investor relations

DIRECTORS AND SENIOR MANAGEMENT

Directors

XU Changjun (徐昌俊), aged 65, is an executive Director. Mr. Xu served as chairman of the Company from 2 February 2018 to 18 February 2022 and has been appointed as executive Director of the Company since 13 March 2017. Mr. Xu has been a director of Hope Education since April 2012; the chairman of Hope Education since September 2016; a council member of Southwest Jiaotong University Hope College since June 2016; and a director of WFOE since 19 January 2018.

Mr. Xu was the chief auditor and director of financial supplies of Xihua University (formerly "Chengdu Normal College" (成都師範高等專科學校)) from 1989 to 1997, during which he was also the vice president of Sichuan Accounting Association of Colleges (四川省高校會計學會). From March 1997 to June 2010, he served as the director of the finance department, the supervision and audit department and the investment department of East Hope Group Co., Limited. The main businesses of East Hope Group Co., Limited are agriculture and heavy chemical industry; heavy chemical industry involves power, non-ferrous metals, bio-chemicals, coal chemical, chlor-alkali chemical, petrochemical, mining and building materials.

Mr. Xu received his master's education in statistics at Southwestern University of Finance and Economics in June 1989 and was qualified as a certified accountant in June 2000. He was selected as "Outstanding CFO in China" by Xin Li Cai Magazine《新理財》 in April 2009 and was chosen to be featured on the cover page of CFO World in April 2010.

WANG Huiwu (汪輝武), aged 49, is an executive Director, the chief executive officer and the president. Mr. Wang has been appointed as executive Director of the Company since 13 March 2017 and chief executive officer and president of the Company since 2 February 2018.

Mr. Wang served as the chairman of Sichuan Mayflower Professional College (四川五月花專修學院) since December 2004; a director and the president of Sichuan Hope Education since October 2007; a supervisor of Sichuan Guojian Investment Limited since December 2007; a director of Southwest Jiaotong University Hope College since January 2009; an executive director of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Tianyi College since September 2011; a director of Ziyang Maysunshine Education Investment Limited since November 2012; the chairman of the council of Sichuan Hope Automotive Vocational College since May 2013; a director of Guizhou Qiannan Economic College since September 2014; a director of Jinci College of Shanxi Medical University since December 2014; and the chairman of the council of Sichuan Hope Automotive Technical College since January 2017.

Mr. Wang served as the principal and managing director of Chengdu Mayflower Computer Science Professional College (成都五月花計算機專業學校) from March 1999 to September 2007; and a supervisor of Sichuan Hope Education from January 2005 to October 2007.

Mr. Wang graduated from Sichuan Normal University with a bachelor's degree in education in June 2013.

LI Tao (李濤), aged 52, is an executive Director. Mr. Li has been appointed as executive Director of the Company since 13 March 2017.

Mr. Li served as a director of the investment and development department of Sichuan Hope Education from December 2010 to 2012; an executive president of Sichuan Hope Education from 2012 to 2018; the chief strategy officer of the Company from February 2018 to March 2021; and the chairman of Dingli Corp., Ltd. (Shenzhen Stock Exchange stock code: 300050) since March 2021.

Mr. Li was the general manager of Chengdu Hanwang Technology Co., Ltd. (成都漢王科技有限公司) from 1995 to December 2010. Chengdu Hanwang Technology Co., Ltd. is principally engaged in development of computer software and hardware technologies, technology transfer, technology consultation, technology services, investment consultation (excluding securities, finance, futures), sales of computer software, hardware and external equipment, machinery equipment and communication equipment (excluding radio equipment).

Mr. Li has been enrolled in the executive master of business administration distance learning program at China Europe International Business School in Beijing since May 2016.

TANG Jianyuan (唐健源), aged 54, is a non-executive Director. Mr. Tang has been appointed as non-executive Director of the Company since 13 March 2017.

Mr. Tang has served as executive vice president and vice chairman of Sichuan Tequ Investment since December 2010 and a director of Hope Education since September 2016. Mr. Tang served as the general manager at AnShun Tequ Feed Limited (安順特驅飼料有限公司) from April 2003 to December 2010. AnShun Tequ Feed Limited is principally engaged in process and sales of pigs and livestock feed.

Mr. Tang graduated from the executive master of business administration program at the School of Business of Renmin University of China (中國人民大學) in October 2006. In December 2016, he was elected vice president of Feed Industry Association of Sichuan Province (四川省飼料工業協會) and was awarded the National Science and Technology Progress Second Prize issued by the State Council in January 2018.

LU Zhichao (呂志超), aged 51, is a non-executive Director. Mr. Lu has been appointed as a non-executive Director of the Company since 13 March 2017.

Mr. Lu has served as the managing director of the Renminbi Mezzanine Fund at China Everbright Limited since 3 June 2013. Mr. Lu concurrently served in several positions at Bank of Nova Scotia from April 2001 to May 2013, including the chief representative of the Beijing Representative Office and the strategy development officer of the China region. Mr. Lu served as the deputy chief of the credit approval department of Bank of Communications, Shenzhen Branch (交通銀行深圳分行) from May 1995 to August 1998. He served as the forex trading manager of Shenzhen Ben Feng Investment Consulting Co., Ltd. (深圳市本豐投資諮詢有限公司) from February 1994 to April 1995. Shenzhen Ben Feng Investment Consulting Co., Ltd. is principally engaged in investment consultation services. Mr. Lu served as the account executive of China Merchants Bank, Shenzhen Branch (招商銀行深圳分行) from October 1992 to January 1994.

Mr. Lu obtained a bachelor's degree in international finance from Renmin University of China (中國人民大學) in June 1992; a degree of master of arts from University of British Columbia in Canada in November 1999; a degree of master in business administration from University of Western Ontario in Canada in April 2001; and was qualified as a lawyer in China by the Ministry of Justice of China in September 1995.

HE Shengli (賀勝利), aged 50, is the chairman of the Board and a non-executive director. Mr. He has been appointed as the chairman of the Company since 18 February 2022 and a non-executive director of the Company since 24 June 2021.

Mr. He served as a director of financial department and executive vice director of New Hope Company, Kunming Branch (新希望股份昆明分公司) from May 2000 to March 2008; chief financial officer of Hebei Baoshuo Co., Ltd from March 2008 to December 2009; director of financial department of New Hope Company Limited (新希望股份公司) from December 2009 to November 2010; chief financial officer of New Hope Husbandry Company (新希望農牧公司, formerly known as Southern Hope (南方希望)) from November 2010 to October 2011; chief financial officer of Chongqing Dekang Husbandry (Group) Limited (重慶德康農牧(集團)有限公司) from January 2012 to December 2014; vice president and chief financial officer of Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司) since January 2015 to present.

Mr. He graduated from China Central Radio and Television University (中央廣播電視大學) in 2006 and obtained a bachelor's degree in Accounting.

Zhang Jin (張進), aged 64, is an independent non-executive Director. Mr. Zhang has been appointed as independent non-executive Director of the Company since 14 July 2018.

Mr. Zhang is a chief senior accountant. He worked at the Health and Family Planning Commission of Sichuan Province till April 1998, being responsible for financial operation. He served as the finance minister of West China University Hospital of Sichuan University (四川大學華西醫院) from June 1998 to April 2011, and the chief accountant of West China Second University Hospital of Sichuan University from March 2015 to August 2019. Mr. Zhang has served as a senior accountant review expert of Sichuan Province since February 2003; a review expert in government procurement bidding of the Ministry of Finance since January 2013; the vice chairman of the Health Accounting Branch of China Health Economics Association since December 2015 until now; the vice president of the Sichuan Health Economics Association, a professor of Hospital Management Master of Business Administration of Sichuan University (四川大學), and a training expert in hospital management consulting in the PRC since June 2016; an internal control consultant of Sichuan Province since June 2017; and a chief senior accountant review expert of of Sichuan Province since September 2019.

Mr. Zhang obtained a master's degree in economics from Southwestern University of Finance and Economics (西南財經大學) in June 1990.

CHEN Yunhua (陳雲華), aged 70, is an independent non-executive Director. Mr. Chen has been appointed as independent non-executive Director of the Company since 14 July 2018.

Mr. Chen has been hired by the Ministry of Public Security as the head of Public Security Policeman Training Center (公安干警培訓基地) since March 2007.

Mr. Chen was awarded Class I Police Rank from February 2010 to August 2014, served as the vice president of the Sichuan Police Academy (四川省警察學會) from March 2002 to August 2014, the principal of Sichuan Police Academy (四川警察學院) and the deputy secretary to the Party committee from June 2009 to August 2014, and a committee member of 11th Chinese People's Political Consultative Conference of Sichuan Province (四川省十一屆政協) from October 2010 to November 2015.

Mr. Chen obtained an undergraduate degree in December 1993 and a master's degree in law from Sichuan Union University (四川聯合大學) in October 1998.

GAO Hao (高皓), aged 40, is an independent non-executive Director.

Dr. Gao has been appointed as an independent non-executive Director of the Company since 14 July 2018. Gao Hao has been the director of the Global Family Business Research Center (全球家族企業研究中心) at the Tsinghua University National Institute of Financial Research (清華大學國家金融研究院) since September 2015, the director of the Strategic Cooperation and Development Office (戰略合作與發展辦公室) of Tsinghua University PBC School of Finance from December 2014 to February 2020, the executive director of the China Financial Case Center (中國金融案例中心) of Tsinghua University PBC School of Finance (清華大學五道口金融學院) from June 2013 to December 2014. Dr. Gao's research and teaching center on corporate governance, corporate finance, family business and wealth management. He has authored more than 150 articles in domestic and international academic journals and finance magazines and has authored, edited or translated 15 books, and the cases co-authored were included as the first private bank case from Asia and the first family office case from China by Harvard Business School.

Dr. Gao has been appointed as a member of Global Future Councils and an expert of Expert Network of World Economic Forum since August 2019 and March 2019 respectively. He has been a council member of Think Tank Council of All-China Federation of Industry and Commerce (全國工商聯智庫委員會) since February 2019, a council member and research fellow of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) since December 2018 and September 2017 respectively. Since October 2020, Dr. Gao has been a member of the China Board of STEP (國際信託與資產規劃學會) and the chairman of its sub-committee on public policy, Dr. Gao has been a member of FFI since July 2020. He has been the editor-in-chief of the Family Business Governance Series (家族企業治理叢書) and Family Wealth Succession Series (家族財富傳承叢書) by People's Publishing House/ The Oriental Press (人民出版社／東方出版社) since December 2010, and an co-editor of Wealth Management Journal since January 2019.

Dr. Gao obtained a bachelor's degree in engineering from Tsinghua University in July 2005. He received a bachelor's degree in economics from Peking University in July 2007 and a doctorate degree in management science from Tsinghua University in June 2012. He received the postdoctoral certificate on applied economics (finance) from Tsinghua University in April 2017, and the postdoctoral certificate on theoretical economics from Tsinghua University in November 2019. Dr. Gao was awarded certificates on "Corporate Board", "Audit Committee" and "Remuneration Committee" from Harvard Business School in July 2015, and certificates on "merger and acquisition" and "manpower, culture and performance" from Stanford Graduate School of Business in August 2017. Dr. Gao also received the certificate on "corporate level strategy" from Harvard Business School in March 2018, the certificate on "venture capital" from Wharton School in May 2018, and the certificate on "High Performance Board" at the IMD Business School in October 2018. In August 2020, Dr. Gao also received the qualification certificate of independent director of listed company from Shenzhen Stock Exchange.

Dr. Gao has served as an independent non-executive director of Modern Media Holdings Limited (Hong Kong Stock Exchange stock code: 72) since August 2016, and an independent director of Xinyuan Real Estate Co., Ltd. (New York Stock Exchange stock code: XIN) since May 2018.

Senior Management

WANG Huiwu (汪輝武), aged 49, is the chief executive officer and the president. For the biography of Mr. Wang, see "－Directors".

JIANG Lin (蔣林), aged 55, is the chief operating officer and the executive vice president. Mr. Jiang has been appointed as chief operating officer and executive vice president since 2 February 2018. Mr. Jiang has served as an executive vice president of Hope Education since February 2016.

Mr. Jiang served as a technician at Hunan Chenxi Posts and Telecommunication Bureau from July 1981 to December 1983; secretary at Hunan Chenxi Posts and Telecommunication Bureau from December 1983 to March 1993; general secretary at Hunan Posts and Telecommunication Bureau Administration Office from July 1987 to March 1993; assistant and deputy director at Hunan Posts and Telecommunication Bureau Administration Office from March 1993 to April 1995. Mr. Jiang worked at the General Research Office of Posts and Telecommunication Bureau from April 1995 to October 1995; served as deputy director at News Department of Posts and Telecommunication Bureau from October 1995 to December 1996; deputy director at Secretary office at Posts and Telecommunication Bureau from December 1996 to October 1997, responsible for overseeing the general operation. He served as the deputy director and special secretary at Secretary office at Posts and Telecommunication Bureau from October 1997 to March 1998; special secretary at Information and Industry Bureau from March 1998 to August 1998; manager and assistant to office director at People's telecommunication office of Information and Industry Bureau from August 1998 to December 2001; deputy director at People's telecommunication office of Information and Industry Bureau from December 2001 to July 2007. Mr. Jiang served as a committee member of the Standing Committee and deputy mayor of Sichuan Ziyang Municipal Committee from July 2007 to September 2012 and a committee member of the Standing Committee of Sichuan Ziyang Municipal Committee from September 2012 to January 2016. He has rich experience in the education, health, business, investment advancement and modern service industries as well as in administrative management and education management.

Mr. Jiang obtained his secondary school diploma in integrated telecommunications at Hunan Posts and Telecommunications School (湖南省郵電學校) in July 1981, his junior college diploma in Party and government administration from Hunan Radio and Television University (湖南省廣播電視大學) in July 1987 and his bachelor's degree in economics and management from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) from August 2002 to December 2004. He studied business management at Graduate School of Chinese Academy of Social Science (中國社會科學院) from April 1994 to April 1996 and received his senior economist qualification from the Personnel department of the Ministry of Posts and Telecommunications of the People Republic of China in September 1998.

LOU Qunwei (婁群偉), aged 53, is the senior vice president. Ms. Lou has been appointed as the senior vice president of the Company since 2 February 2018. Ms. Lou has served as a supervisor of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Tianyi College since September 2011; a director of Sichuan Hope Automotive Vocational College since May 2013; the chairman of the council and legal representative of Sichuan Vocational College of Culture & Communication since July 2014; the senior vice president of Hope Education since October 2014; a council member of Sichuan Hope Automotive Technical College since January 2017; and a director of Sichuan Guojian Investment Limited since May 2017.

Ms. Lou served as assistant to the principal of Chengdu Jinjiang Cuisine School (now known as "Chengdu New East Cuisine School") from November 2001 to August 2004; the head of office and external liaison officer of Chengdu Mayflower Computer Science Professional College from September 2004 to September 2007; the head of the human resources department, a manager of the administration department, an officer of the external liaison department and an assistant to the president of Hope Education from January 2005 to October 2014; and a director of Sichuan Yonghe Education Investment Limited from April 2014 to April 2017.

Ms. Lou received her junior college diploma education in economics and management at Xichang College (西昌學院) in July 1991 and a bachelor's degree in administrative management from China Central Radio and Television University (中央廣播電視大學) (now known as The Open University of China (國家開放大學)) in July 2010.

YUAN Junmin (袁俊民), aged 41, is the chief financial officer. Mr. Yuan has been appointed as the chief financial officer of the Company since 1 January 2021.

Mr. Yuan served as the financial manager of Guigang Wanqian Feed Co., Ltd. (貴港市萬千飼料有限責任公司) from April 2006 to April 2011; the chief financial officer of Guilin Sufeng Forestry Co., Ltd. (桂林速豐木業有限公司) and Hezhou Sufeng Forestry Co., Ltd. (賀州速豐木業有限公司) from July 2011 to February 2012; head of accounts office of the financial centre in Chongqing Dekang Husbandry (Group) Limited (重慶德康農牧(集團)有限公司) and head of financial management office of poultry division in Sichuan Dekang Husbandry and Foods Group Co., Ltd. (四川德康農牧食品集團股份有限公司) from from May 2012 to August 2015, chief financial officer of property and tourism division in Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司) from September 2015 to December 2020; he concurrently worked as the chief financial officer of Guizhou Tequ New Agriculture Group Co., Ltd. (貴州特驅新農業集團有限公司) from October 2018 to December 2020.

Mr. Yuan obtained a bachelor's degree in accounting from Dongbei University of Finance and Economics in July 2009.

HUANG Zhongcai (黃忠財), aged 37, is the vice president and joint company secretary. Mr. Huang has been appointed as the vice president of the Company since 14 November 2018, and has been appointed as one of the joint company secretaries of the Company since 15 March 2018. Mr. Huang has been the vice president of Hope Education since July 2014.

From December 2012 to July 2014, he served as head of finance department at Chengdu Mayflower Computer Science Professional College. Mr. Huang worked at E'mei Shan E'mei Chun Spirits Co., Ltd. (峨眉山峨眉春酒業有限公司) as general manager from 2011 to 2012. He has also worked at Sichuan Xian Zhi Zhu Jian Tea Sales Co., Ltd. (四川省仙之竹尖茶葉銷售有限公司) as manager, responsible for finance operation.

In June 2007, Mr. Huang graduated from Sichuan Agriculture University (四川農業大學) with a bachelor's degree in finance management.

Joint Company Secretaries

HUANG Zhongcai (黃忠財) has been appointed as one of the joint company secretaries of our Company on 15 March 2018. For the biography of Mr. Huang Zhongcai, see "－Senior Management".

During the Reporting Period, Ms. Leung Wing Han Sharon has resigned as one of the joint company secretaries of the Company with effect from 28 February 2022. Ms. Chan Yin Wah has been appointed as one of the joint company secretaries of the Company with effect from 28 February 2022. For the biographical details of Ms. Chan, please refer to the announcement of the Company dated 28 February 2022.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 August 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group focuses on providing higher education services. Details of the activities of its principal subsidiaries and consolidated affiliated entities are set out in Note 1 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 August 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 129 of this annual report.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Company that have occurred during the year ended 31 August 2022, an analysis of the Group's performance during the year using financial key performance indicators, and the Company's environment policy and performance as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "ESG Report" of this annual report, which also constitute part of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance. The Group has also adopted the Model Code.

The Group and its activities are required to comply with the requirements of laws and regulations of China, including but not limited to the Foreign Investment Industries Guidance Catalogue (2017 version) (《外商投資產業指導目錄》(2017 年修訂)), the Education Law of the PRC (《中華人民共和國教育法》), the Law for Promoting Private Education 《民辦教育促進法》, the Implementation Rules for the Law for Promoting Private Education (《民辦教育促進法實施條例》), the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) and other normative documents.

For the year ended 31 August 2022, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

EMPLOYEES

As at 31 August 2022, the Group had approximately 12,660 faculty members. For details of the gender and age distribution and loss rate of employees, see the "ESG Report" of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are primarily our students.

Our suppliers primarily comprise book suppliers, teaching equipment vendors, equipment and materials vendors and the university with which we have a partnership agreement. For the year ended 31 August 2022, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 34% of the annual total purchases.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the year ended 31 August 2022, there were no material and significant dispute between the Group and its employees, suppliers and/or customers.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in the section headed "Risks in relation to the Arrangements and Actions Taken to Reduce Risks" in this report, the following list is a summary of certain principal risks and uncertainties facing the Group:

- Our business and results of operations depend on the level of tuition and boarding fees we are able to charge and our ability to maintain and raise tuition and boarding fee levels.

- The private higher education business is relatively new and may not gain wide acceptance in China.

- We face intense competition in China's higher education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditure.

- We may not be able to execute our growth strategies successfully or effectively manage our future growth, which may hinder our ability to capitalize on new business opportunities.

- We may not be able to successfully establish new schools pursuant to our proposed timeline or we may not be able to establish new schools at all. We may not be able to successfully execute our plan to establish an university in the United States.

- We may not be able to successfully integrate businesses that we acquire, which may cause us to lose the anticipated benefits from such acquisitions and to incur significant additional expenses.

- We are subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法修正案》) and the Draft Revision of the Implementation Rules on 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》).

- We may not be able to register the independent colleges as for-profit private schools or complete relevant procedures or obtain the government registrations under the current form of the MOE Draft for Comments.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

The Company has implemented various measures to mitigate these risks and uncertainties. Further reviews are set out in the section headed "Corporate Governance Report – Risk Management and Internal Controls" in this annual report.

DIVIDEND POLICY

Our Company has adopted a dividend policy on payment of dividends. Any amount of dividends we pay will be 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 (including all applicable PRC laws and regulations which our schools are required to comply with). Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

PAYMENT OF FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2022 due to funding arrangements such as debt servicing and school establishment expenses.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Friday, 24 February, 2023. Notice convening the annual general meeting and other relevant documents will be published and dispatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 24 February, 2023, the register of members of the Company will be closed from Tuesday, 21 February, 2023 to Friday, 24 February, 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 February, 2023.

SHARE CAPITAL

Details of changes in the share capital of the Company during the year are set out in Note 30 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2022 are set out in Note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2022 are set out in Note 32 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium. Under the Companies Law of the Cayman Islands and subject to compliance with the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As at 31 August 2022, the Company's reserve available for distribution to Shareholders amounted to approximately RMB5,017 million.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year ended 31 August 2022 and up to the date of this annual report were:

Executive Directors
Mr. Xu Changjun
Mr. Wang Huiwu *(Chief Executive Officer and President)*
Mr. Li Tao

Non-Executive Directors
Mr. He Shengli *(Chairman)*
Mr. Lu Zhichao
Mr. Tang Jianyuan

Independent Non-Executive Directors
Mr. Zhang Jin
Mr. Chen Yunhua
Dr. Gao Hao

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company, and is subject to re-election as and when required under the Articles of Association. The term of each of the service contracts shall end when the service contract is terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company, and is subject to re-election as and when required under the Articles of Association, which may be terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other party not less than one month's prior notice in writing.

Save as aforesaid, no Director proposed for re-election at the annual general meeting has a service contract with the Company which are not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 August 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which was required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2022
Wang Huiwu[(1)]	Executive Director and Chief Executive Officer	Founder of a discretionary trust who can influence how the trustee exercises his discretion	4,140,948,240	Long Position	
		Beneficial interest	11,120,000	Long Position	
			4,152,068,240		51.72%
		Founder of a discretionary trust who can influence how the trustee exercises his discretion	718,395,000	Short Position	8.95%
Li Tao[(2)]	Executive Director	Beneficial interest	5,697,167	Long Position	0.07%
He Shengli	Non-executive Director and Chairman	Beneficial interest	840,000	Long Position	0.01%
Tang Jianyuan[(3) and (4)]	Non-executive Director	Interest in controlled corporation	77,050,101	Long Position	
		Interest of spouse	15,826,106	Long Position	
			92,876,207		1.16%
		Interest in controlled corporation	5,489,028	Short Position	
		Interest of spouse	1,127,447	Short Position	
			6,616,475		0.08%

Notes:

(1) As at 31 August 2022, Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Credit Suisse Trust Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited hold 96% interest in Maysunshine Limited, Maysunshine Limited hold 49% interest in Hope Education Investment Limited, Hope Education Investment Limited holds 51.58% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.

(2) Mr. Li Tao is interested in 5,697,167 share options to subscribe for 5,697,167 Shares granted under the 2018 Pre-IPO Share Option Scheme.

(3) As at 31 August 2022, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.58% interest in the Company. Accordingly, Tang Jianyuan (唐健源) is deemed as holding interest in the Company through Hope Education Investment Limited (希望教育投資有限公司).

(4) As at 31 August 2022, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.58% interest in the Company. Liu Birong (劉碧容) is spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生博根源有限公司) held by Liu Birong (劉碧容).

(5) As at 31 August 2022, the number of issued shares was 8,027,550,706 Shares.

Save as disclosed above, as at 31 August 2022, none of the Directors and chief executive(s) of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Pre-IPO Share Options granted to the Directors, at no time during the year was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

To the knowledge of any of Directors or chief executives of the Company, as at 31 August 2022, the following persons (other than the Directors or chief executives of the Company) or entities have an interest or short positions in Shares and underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2020
Hope Education Investment Limited[1]	Beneficial interest	4,140,948,240	Long Position	51.58%
		718,395,000	Short Position	8.95%
Credit Suisse Trust Limited[1]	Trustee	4,140,948,240	Long Position	51.58%
		718,395,000	Short Position	8.95%
Maysunshine Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.58%
		718,395,000	Short Position	8.95%
Maysunshine Holdings Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.58%
		718,395,000	Short Position	8.95%
Tequ Group A Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.58%
		718,395,000	Short Position	8.95%
Tequ Group (Hong Kong) Company Limited [1]	Interest in controlled corporation	4,140,948,240	Long Position	
	Beneficial interest	42,242,703	Long Position	
		4,183,190,943		52.11%
	Interest in controlled corporation	718,395,000	Short Position	8.95%
Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司) [1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Sichuan Tequ Investment [1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Chengdu West Hope Group Limited (成都華西希望集團有限公司) (**"West Hope"**) [1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) [1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Zhang Qiang (張強)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Wang Degen (王德根)[1]	Interest of spouse	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2020
Chen Yuxin (陳育新)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
		718,395,000	Short Position	8.95%
Zhao Guiqin (趙桂琴)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.11%
	Interest of spouse	718,395,000	Short Position	8.95%
Credit Suisse Group AG[2]	Interest in controlled corporation	870,338,605	Long Position	
	Investment Manager	1,734,000	Long Position	
		872,072,605		10.86%
		765,819,420	Short Position	9.54%

Notes:

(1) Hope Education Investment Limited, a BVI company, is owned as to 49.00% by Maysunshine Limited, 34.385% by Tequ Group A Limited and 16.615% by Tequ Group Limited.

Maysunshine Limited is owned as to 96.00% by Maysunshine Holdings Limited, which is in turn 100% beneficially owned by Wang Huiwu (汪輝武) whereas Credit Suisse Trust Limited acts as trustee.

Thus, Maysunshine Limited, Tequ Group A Limited, and Maysunshine Holdings Limited, are deemed to be interested in 4,140,948,240 Shares of Long Position and 718,395,000 Shares of Short Position.

Tequ Group A Limited is a wholly-owned subsidiary of Tequ Group (Hong Kong) Company Limited. Tequ Group (Hong Kong) Company Limited is wholly owned by Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司). Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) is wholly owned by Sichuan Tequ Investment, which is in turn owned as to 55% by West Hope and 45% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司). West Hope is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. Wang Degen (王德根) and Zhang Qiang (張強) are spouses. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owed as to 52.20% by Zhang Qiang (張強).

Thus, Tequ Group (Hong Kong) Company Limited, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Zhang Qiang (張強), Wang Degen (王德根), Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are deemed to be interested in 4,183,190,943 Shares of Long Position and 718,395,000 Shares of Short Position.

Hope Education Investment Limited indirectly holds relevant interests and short positions through a series of its controlled corporations, including holding of unlisted derivatives (physical settlement: 423,395,000 Shares (short positions); others: 423,395,000 Shares (long positions)).

(2) Credit Suisse Group AG indirectly holds relevant interests and short positions through a series of its controlled corporations, including holding of certain listed derivatives (convertible instruments: 30,809,505 Shares (long positions) and unlisted derivatives (cash settlement: 42,618,000 Shares (long positions) and 40,408,000 Shares (short positions); physical settlement: 423,395,000 Shares (long positions) and 4,961,320 Shares (short positions)).

(3) Based on the number of issued shares of the Company as at 31 August 2022, being 8,027,550,706 Shares.

Save as disclosed above, as at 31 August 2022, the Directors and chief executives of the Company are not aware of any other person or corporation who has an interest or short positions in Shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

2018 PRE-IPO SHARE OPTION SCHEME

The Company adopted the 2018 Pre-IPO Share Option Scheme on 18 March 2018 for the purpose of incentivizing eligible participants for their contribution to the Group. The following is a summary of the principal terms of the 2018 Pre-IPO Share Option Scheme. The terms of the 2018 Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2018 Pre-IPO Share Option Scheme will not involve the grant of Pre-IPO Share Options by us to subscribe for Shares after we have become a listed issuer.

Purpose

The 2018 Pre-IPO Share Option Scheme is a share incentive scheme and is established to, among others, promote the success and enhance the value of the Company by linking the personal interests of the selected participants to those of the Shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Shareholders. The 2018 Pre-IPO Share Option Scheme will enable the Company to retain, motivate and reward the services of the selected participants, and to provide remuneration, compensation and/or benefits.

Who may Join

The eligible participants under the 2018 Pre-IPO Share Option Scheme (the “Participants”) include the following:

(i) any director (including Executive Director, Non-executive Director and Independent Non-executive Director) of any member of the Group from time to time and any employee or officer of any member of the Group; and

(ii) any senior officer, advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group;

whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

Maximum Number of Shares

The total number of Shares subject to the 2018 Pre-IPO Share Option Scheme is 500,000,000 Shares, representing approximately 6.2% of the issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

Under the 2018 Pre-IPO Share Option Scheme, the Board shall be entitled to make an offer to any participant subject to the Pre-IPO Share Options for the subscription of such number of Shares as the Board may determine. Any offer may be accepted by the grantees of the Pre-IPO Share Options (the “Grantees”) in respect of less than the number of Shares to which the offered option relates.

Vesting and Exercise Period

Except as provided otherwise and subject to the terms and conditions upon which such Pre-IPO Share Option was granted, the vesting period for any Pre-IPO Share Option granted to a Grantee under the 2018 Pre-IPO Share Option Scheme will be stated in the grant letter through which the offer is made.

The Pre-IPO Share Options are only exercisable upon the Listing of our Shares on the Hong Kong Stock Exchange. There is no performance target that needs to be achieved by the Grantee before the Pre-IPO Share Options can be exercised.

Amounts Payable for Application or Acceptance of Share Options

The Pre-IPO Share Option shall remain open for acceptance by the participant to whom an offer is made for a period of five days from the offer date, provided that no such offer shall be open for acceptance after the 2018 Pre-IPO Share Option Scheme has been terminated in accordance with the provisions thereof. HK$1.00 is required to be paid by the Grantees as consideration for the grant of the Pre-IPO Share Option.

Exercise Price

There are in total three tranches of Pre-IPO Share Options under the 2018 Pre-IPO Share Option Scheme, namely Pre-IPO Share Options under tranche A ("**Tranche A Options**"), tranche B ("**Tranche B Options**") and tranche C ("**Tranche C Options**"). Subject to any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, sub-division or consolidation of Shares or reduction of share capital of the Company, the exercise price is HKD0.68 for Tranche A Options, HKD1.07 for Tranche B Options, and HKD1.30 for Tranche C Options.

Duration of the 2018 Pre-IPO Share Option Scheme

The 2018 Pre-IPO Share Option Scheme shall be valid and effective for the period of time commencing on the scheme adoption date of 18 March 2018 and expiring on the day immediately prior to the date on which the Shares first commence trading on the Hong Kong Stock Exchange (i.e. 3 August 2018), after which period no further Pre-IPO Share Options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Pre-IPO Share Options which are granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

Share Options Granted under the 2018 Pre-IPO Share Option Scheme

As at 31 August 2022, the number of relevant Shares subject to outstanding options granted under the 2018 Pre-IPO Share Option Scheme is 230,287,254 Shares, representing approximately 2.9% of the issued share capital of the Company. As at 31 August 2022, our Company had granted Pre-IPO Share Options to 321 Participants under the 2018 Pre-IPO Share Option Scheme.

The following table discloses movements in the outstanding options granted to all grantees under the Pre-IPO Share Option Scheme:

	Number of share options									Weighted average closing price of the Company's shares		
Grantee	As at 1 September 2021	Granted during the period	Exercised During the period	Lapsed during the period	As at 31 August 2022	Date of grant	Exercise period	Exercise Price per share option HKD per share	Vesting period	Price of the Company's share immediately before the grant date of options RMB per share	Immediately before the exercise date RMB per share	At the exercise date of share options HK$ per share
Directors												
Li Tao	5,697,167	–	–	–	5,697,167	18 March 2018	From 2 February 2019 to 18 March 2038	1.07	From 18 March 2018 to 2 February 2019	–	–	–
Sub-total	5,697,167	–	–	–	5,697,167					–	–	–
Employees (including Senior Management)												
319 individual	270,880,620	–	46,290,533	–	224,590,087	18 March 2018	From 2 February 2019 to 18 March 2038	0.68/1.07/1.30	From 18 March 2018 to 2 February 2019	–	–	–
Total	276,577,787	–	46,290,533		230,287,254					–	–	–

As at 31 August 2022, save for disclosed above, no share options were exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme.

Note: Details of the 2018 Pre-IPO Share Option Scheme adopted on 18 March 2018 are set out in Note 31 to the consolidated financial statements of this annual report.

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

During the period from 20 June 2022 to July 2022, the Company repurchased convertible bonds with a principal amount of US$34,900,000, representing 9.97% of the aggregate principal amount of the convertible bonds initially issued. As at the date of this annual report, all the repurchased convertible bonds have been cancelled, and the aggregate outstanding principal amount of the convertible bonds originally issued was US$315,100,000, representing 90.03% of the aggregate principal amount of the convertible bonds originally issued. As at 31 August 2022, save for disclosed above, the Company or its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group on 31 August 2022 are set out in Note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 2018 Pre-IPO Share Option Scheme and the grant of options on 11 May 2022 as described in the above, no equity-linked agreements were entered into by the Company during the year ended 31 August 2022.

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 35 to the consolidated financial statements and in the section headed "Continuing Connected Transactions" in this annual report, during the year ended 31 August 2022, none of the Directors or entities connected with the Directors, had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its controlling company, any of its subsidiaries or fellow subsidiaries was a party.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 August 2022.

CONTRACTS OF SIGNIFICANCE ENTERED INTO WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2022, save as disclosed in note 35 to the consolidated financial statements and in the section headed "Continuing Connected Transactions" in this annual report, no other contract of significance was entered into by the Company or any of its subsidiaries with the Controlling Shareholders of the Company or its subsidiaries.

During the year ended 31 August 2022, there was 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.

CONTINUING CONNECTED TRANSACTIONS

In the related party transactions disclosed in Note 35 to the consolidated financial statements, the following transactions constitute continuing connected transactions of the Company and need to be disclosed in this annual report under the requirements of Chapter 14A of the Listing Rules. The Company confirms that it has been in compliance with disclosure requirements under Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

1. Property Leasing Framework Agreement

Since 2014 and for the year ended 31 August 2022, our schools have leased certain properties to certain of the 30%-controlled companies of Wang Huiwu and the then subsidiaries of Hope Education, which became subsidiaries of Tequ Education following the division as discussed in "History – Reorganization of our Consolidated Affiliated Entities – The Division of Hope Education for Delineation of Business" in the Prospectus. Our Company, Mr. Wang Huiwu and Tequ Education entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") on 20 July 2018 in respect of the leasing of land, buildings, ancillary facilities from us to Tequ Education and/or its associates. On 11 February 2021, Hope Education (a consolidated affiliated entity of the Company) and Tequ Education entered into the New Property Leasing Framework Agreement, pursuant to which Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall lease certain properties to Tequ Education for a term of three years commencing from 1 January 2021 and ending on 31 August 2023. The following table sets forth a summary of the Property Leasing Framework Agreement.

Lessee	Lessor	Duration of the Lease	Description of the properties leased	Historical amounts for the year ended 31 August (in millions of RMB)		Proposed annual cap for the year ended 31 August
				2021	2022	2023
Mr. Wang Huiwu and Tequ Education and/or their respective associates	Our Company	For a period of three years commencing on the Listing Date; if neither party raises any objection and subject to the regulatory requirements in the place where our Shares are listed, the term will be automatically renewed for a further term of three years upon expiry.	Land area of approximately 0.3 million sq.m.; gross floor area of approximately 0.2 million sq.m.	5.0	5.3	30.0

As Mr. Wang Huiwu is an executive Director of our Company and Tequ Education is an associate of our Substantial Shareholders, each of Mr. Wang Huiwu and Tequ Education is our connected person under Rules 14A.07(1), 14A.07(4) and 14A.13(1) of the Listing Rules.

Mr. Wang Huiwu and Tequ Education and/or their respective associates lease certain of our properties for the use of teaching, training and ancillary activities, and we expect that we will continue to lease such properties to Mr. Wang Huiwu and Tequ Education and/or its associates in the future to better utilize our idle properties.

The rental payable per annum is determined by negotiation with related parties with reference to the market rates of similar properties in the vicinity.

The amounts of rent paid or payable by Tequ Education and/or its associates to us for the year ended 31 August 2022 were RMB5.3 million. The annual caps were estimated based on the rental payable as determined with reference to (i) the historical amounts; and (ii) as advised by our property valuer, according to market practice, landlords would usually offer a discounted rental rate for the first couple of years in long-term leases of large sites, after which rental rates would be gradually increased over the course of the term of the lease. Our property valuer has confirmed that (i) the terms and conditions of the Property Leasing Framework Agreement are made on normal commercial terms, fair and reasonable and on market rate; and (ii) the total amount payable to us under the Property Leasing Framework Agreement is no less favorable than those offered by Independent Third Parties.

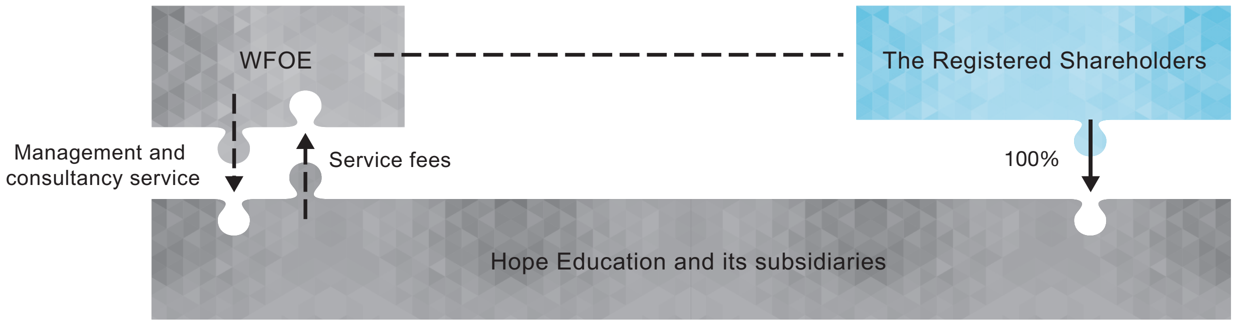
2. Contractual Arrangements

Reasons for Entering into Contractual Arrangements

We currently conduct our private education business through our consolidated affiliated entities in the PRC, as PRC laws and regulations, or the implementation of PRC laws and regulations relating to foreign ownership in the higher education industry by relevant government authorities, generally prohibit or restrict foreign ownership in the private education industry in the PRC. PRC laws and regulations currently restrict the operation of higher education institutions to Sino-foreign ownership, in addition to imposing a qualification requirement on the foreign owners. Further, government approvals in respect of Sino-foreign ownership in the private education sector have, with very limited exception, been withheld. We do not hold any direct equity interest in our consolidated affiliated entities. The contractual arrangements, through which we are able to exercise control over, and derive the economic benefits from our consolidated affiliated entities, have been narrowly tailored to achieve our business purpose and minimize potential conflict with relevant PRC laws and regulations.

In order to comply with the PRC laws and regulations as set out above while availing ourselves to international capital markets and maintaining effective control over all of our operations, on 14 March 2018, our wholly-owned subsidiary, WFOE entered into various agreements (as amended and superseded by certain agreements dated 22 June 2018, as the case may be, and the supplementary agreement entered into on 8 July 2020) that together constitute the contractual arrangements with, among others, our consolidated affiliated entities, under which substantially all economic benefits arising from the business of our consolidated affiliated entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of services fees payable by our consolidated affiliated entities to WFOE.

The following simplified diagram illustrates the flow of economic benefits from Hope Education to us under the contractual arrangements:



Notes:

(1) "⟶" denotes direct legal and beneficial ownership in the equity interest.

(2) "- - -▸" denotes contractual relationship.

(3) "----" denotes the control by WFOE over the Registered Shareholders through (1) powers of attorney to exercise all shareholders' rights in Hope Education; (2) exclusive options to acquire all or part of the equity interests in Hope Education; and (3) equity pledges over the equity interests in Hope Education as to exercise the right of control upon Registered Shareholders.

(4) Registered Shareholders refer to shareholders of Hope Education, namely, Sichuan Tequ Investment, Chengdu Mayflower Investment Management, CEL Maiming and Guangwei Qinghe.

As at the date of this annual report, we had not encountered any interference or encumbrance from any PRC governing bodies in relation to the contractual arrangements. The consolidated financial results of our consolidated affiliated entities, which engage in education service, are consolidated into those of our Group.

Listing Rules Implications

The table below sets forth the connected persons of our Company involved in the contractual arrangements and the nature of their connection with our Group. The transactions under the contractual arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

Name	Connected relationships
Sichuan Tequ Investment and Chengdu Mayflower Investment Management	A substantial shareholder of Hope Education, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Wang Huiwu and Tang Jianyuan	Substantial Shareholders and Directors of the Company and therefore connected persons of our Company under Rule 14A.07(1) of the Listing Rules
Wang Degen	A former Director of the Company, and a substantial shareholder and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Sichuan Shengbo Genyuan Trade Limited (四川生搏根源貿易有限公司), Fu Wenge (付文革), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強), Liu Birong (劉碧容), Wang Qiang (王強), Lan Hai (蘭海), Zeng Zheng (曾正), Zhou Xingbang (周興幫), Wang Xiaoguo (王孝國), Xiao Song (肖崧), Mei Shaofeng (梅紹鋒)	Substantial Shareholders of the Company and therefore connected persons of our Company under Rule 14A.07(1) of the Listing Rules
Chengdu Mayflower Investment Management, CEL Maiming, Guangwei Qinghe	Substantial Shareholders of Hope Education and therefore connected persons of our Company under Rule 14A.07(1) of the Listing Rules
Spouses of the Substantial Shareholders (as applicable)	Spouses of the Substantial Shareholders of the Company and therefore connected persons of our Company under Rule 14A.07(1) and Rule 14A.12(1)(a) of the Listing Rules

Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

(1) Exclusive Management Consultancy and Business Cooperation Agreement

Pursuant to the exclusive management consultancy and business cooperation agreement dated 14 March 2018 entered into by and among WFOE, Hope Education and its subsidiaries and its Registered Shareholders (the "**Exclusive Management Consultancy and Business Cooperation Agreement**"), WFOE has the exclusive right to provide, or designate any third party to provide each of our consolidated affiliated entities with corporate management and educational services, intellectual property licensing services as well as technical and business support services. WFOE is entitled to own all intellectual property rights arising out of the performance of this agreement. Our consolidated affiliated entities agree to pay the entirety of their total income for the services provided by WFOE (net of costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld).

As Zhuhai Maiwen became a shareholder of Hope Education after conversion of the Convertible Loan and thus a Registered Shareholder, on 22 June 2018, the WFOE, Hope Education and its Registered Shareholders entered into a second exclusive management consultancy and business cooperation agreement (the "**Second Exclusive Management Consultancy and Business Cooperation Agreement**"), which replaced and superseded the Exclusive Management Consultancy and Business Cooperation Agreement in its entirety. Save for the date of and parties to the agreement, the terms and conditions of the Second Exclusive Management Consultancy and Business Cooperation Agreement are substantially the same as those of the Exclusive Management Consultancy and Business Cooperation Agreement.

In order to comply with the PRC laws and regulations while availing the Company to international capital markets and maintaining effective control over all of the operations, on 8 July 2020, the Company, WFOE, Tequ Mayflower WFOE, Hope Education and its subsidiaries and its Registered Shareholders entered into the Supplemental Agreement to supplement the terms of the Second Exclusive Management Consultancy and Business Cooperation Agreement, under which substantially all economic benefits arising from the business of the Consolidated Affiliated Entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of services fees payable by the Consolidated Affiliated Entities to WFOE.

(2) Exclusive Call Option Agreement

Under the exclusive call option agreement dated 14 March 2018 entered into among WFOE, Hope Education and its Registered Shareholders (the "**Exclusive Call Option Agreement**"), the Registered Shareholders unconditionally and irrevocably agreed to grant WFOE or its designated third party an exclusive option to purchase all or part of the equity interests in Hope Education for the minimum amount of consideration permitted by applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of Hope Education. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, the Registered Shareholders shall return the amount of purchase price they have received to WFOE or its designated third party. WFOE has the sole discretion to decide when to exercise the option, and whether to exercise the option in part or in full.

As Zhuhai Maiwen became a shareholder of Hope Education after conversion of the Convertible Loan and thus a Registered Shareholder, on 22 June 2018, the WFOE, Hope Education and its Registered Shareholders entered into a second exclusive call option agreement (the "**Second Exclusive Call Option Agreement**"), which replaced and superseded the Exclusive Call Option Agreement in its entirety. Save for the date of and parties to the agreement, the terms and conditions of the Second Exclusive Call Option Agreement are substantially the same as those of the Exclusive Call Option Agreement.

(3) Equity Pledge Agreement

Pursuant to the equity pledge agreement dated 14 March 2018 entered into by and among WFOE, Hope Education and its Registered Shareholders (the "**Equity Pledge Agreement**"), the Registered Shareholders unconditionally and irrevocably offered first priority pledge over all of the equity interests in Hope Education to WFOE to guarantee (i) performance of the obligations of Hope Education, its subsidiaries and the Registered Shareholders under the Exclusive Management Consultancy and Business Cooperation Agreement; and (ii) performance of Hope Education and the Registered Shareholders' obligations under the Exclusive Call Option Agreement and the Powers of Attorney (as defined below). Under the Equity Pledge Agreement, the Registered Shareholders have agreed that, without the prior written consent of WFOE, they will not transfer or dispose the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice WFOE's interest.

As Zhuhai Maiwen became a shareholder of Hope Education after conversion of the Convertible Loan and thus a Registered Shareholder, on 22 June 2018, the WFOE, Hope Education and its Registered Shareholders entered into a second equity pledge agreement (the "**Second Equity Pledge Agreement**"), which replaced and superseded the Equity Pledge Agreement in its entirety. Save for the date of and parties to the agreement, the terms and conditions of the Second Equity Pledge Agreement are substantially the same as those of the Equity Pledge Agreement.

(4) Powers of Attorney

The Registered Shareholders have executed an irrevocable power of attorney dated 14 March 2018 appointing WFOE, or any person designated by WFOE (excluding non-independent persons who may give rise to conflicts of interests), as his or her attorney-in-fact to appoint directors and vote on his or her behalf on all matters of Hope Education requiring shareholders' approval under its respective articles of associations and under the relevant PRC laws and regulations. The power of attorney remains effective until the nullification or termination of the Exclusive Management Consultancy and Business Cooperation Agreement. As Zhuhai Maiwen became a shareholder of Hope Education after conversion of the Convertible Loan and thus a Registered Shareholder, on 22 June 2018, each of the Registered Shareholders has executed an irrevocable power of attorney, which replaced and superseded the powers of attorney executed by the Registered Shareholders on 14 March 2018 in their entirety. Save for the date of the powers of attorney, the terms and conditions of the powers of attorney dated 22 June 2018 are substantially the same as those dated 14 March 2018.

(5) Shareholders' Undertaking

Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), West Hope, Wang Degen (王德根), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強), Tang Jianyuan (唐健源), Liu Birong (劉碧容), Wang Qiang (王強), Lan Hai (蘭海), Zeng Zheng (曾正), Zhou Xingbang (周興幫), Wang Xiaoguo (王孝國), Xiao Song (肖崧), Mei Shaofeng (梅紹鋒) gave an undertaking on 14 March 2018 and Wang Huiwu (汪輝武), Fu Wenge (付文革), Wang Degen (王德根) gave an undertaking on 14 March 2018 in favor of our Company and WFOE, to acknowledge and agree the Registered Shareholders to offer first priority pledge over all of their respective equity interests in Hope Education to WFOE (the "**Shareholders' Undertaking**"). Pursuant to Shareholders' Undertaking, each of the promisors does not and will not use their direct or indirect interests in the Registered Shareholders to make pledge, sale, other third party guarantees, other third party priority rights, or other disposals or transactions that have equal economic effects to affect the first priority pledge over interests in Hope Education to WFOE and the stability of the operation of contractual arrangements, nor he/she/it will directly or indirectly engage in, possess, invest, participate in or operate any businesses or activities which compete or might compete with Hope Education and its subsidiaries ("**Competing Businesses**") with any information obtained from Hope Education or its subsidiaries, or derive any benefits from any Competing Businesses.

As Zhuhai Maiwen became a shareholder of Hope Education after conversion of the Convertible Loan and thus a Registered Shareholder, on 22 June 2018, each of CEL Huiling (also being the general partner of Zhuhai Maiwen) and Yixing CEL executed an undertaking on 22 June 2018 in favour of our Company and WFOE to acknowledge and agree the Registered Shareholders (including Zhuhai Maiwen) to offer first priority pledge over all of their respective equity interests in Hope Education to WFOE (the "**Second Shareholders' Undertaking**"). The Second Shareholders' Undertaking replaced and superseded the Shareholders' Undertaking in its entirety. Save for the date of the undertaking, the terms and conditions of the Second Shareholders' Undertaking are substantially the same as those of the Shareholders' Undertaking.

Business Activities of Consolidated Affiliated Entities

Consolidated affiliated entities of the Group includes Hope Education and its subsidiaries (i.e. our schools and our education investment platforms). The principle business of Hope Education and our education investment platforms is higher education investment. Our schools mainly provide higher education services.

The Importance and Financial Contribution of the Consolidated Affiliated Entities to the Group

Under the contractual arrangements, our Group has obtained control of the consolidated affiliated entities through WFOE and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by the consolidated affiliated entities. The following table sets forth the financial contributions of the consolidated affiliated entities to the Group:

	The Importance and Financial Contribution to the Group		
	Income For the year ended 31 August 2022	Net profit For the year ended 31 August 2022	Total assets For the year ended 31 August 2022
The importance and financial contribution to the Group	91.66%	29.49%	83.41%

Income and Assets Involved in the Contractual Arrangements

The following table sets forth the (i) income; and (ii) the total assets involved in the consolidated affiliated entities for the year ended 31 August 2022, which will be consolidated into the Group's financial statements in accordance with the contractual arrangements:

	Income RMB million	Assets RMB million
Consolidated Affiliated Entities	2,471	18,320

Governing Framework

(1) Higher education

Pursuant to the Foreign Investment Industries Guidance Catalogue (Amended in 2017) (the "**Foreign Investment Catalogue**"), the provision of higher education in the PRC falls within the "restricted" category. In particular, the Foreign Investment Catalogue explicitly restricts higher education institutions to Sino-foreign cooperation, which means that foreign investors may only operate higher education institutions through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation. In addition, the Foreign Investment Catalogue also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of schools or education institutions shall be a 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 educational institution (the "**Foreign Control Restriction**"). On 28 June 2018, the National Development and Reform Commission of the PRC (中國國家發展和改革委員會) and Ministry of Commence of the PRC (中國商務部) jointly promulgated the Foreign Investment Access Special Management Measures (Negative List) (2018 Version)《(外商投資準入特別管理措施(負面清單)(2018 年版)》 (the "**Negative List**"), which became effective on 28 July 2018 and replaced the Foreign Investment Catalogue. Under the Negative List, the restriction on foreign investments in higher education remain unchanged.

In relation to the interpretation of "Sino-foreign cooperation", pursuant to the Regulation on Sino-Foreign Cooperation in Operating Schools (中華人民共和國中外合作辦學條例), promulgated by the State Council in 2003 and amended on 18 July 2013 (the "**Sino-Foreign Regulation**"), the foreign investor in a Sino-foreign joint venture school which provides higher education mainly for PRC students (a "**Sino-Foreign Joint Venture Private School**") must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Field of Education and Promoting the Healthy Development of Private Education (教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見), the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the "**Foreign Ownership Restriction**") and the establishment of these schools is subject to approval of education authorities at the provincial or national level. All of our schools are 100% held by PRC entities. Our PRC Legal Advisor is of the view that none of our schools is a Sino-foreign joint venture private school, nor are they subject to the Sino-Foreign Regulation, including the Foreign Control Restriction.

Our PRC Legal Advisor has advised that as at the date of this annual report, there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations, and it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience or form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authority that it meets the Qualification Requirement.

(2) Plan to comply with the Qualification Requirement

We have adopted a specific plan and have begun to take concrete steps which we reasonably believe are meaningful endeavors to demonstrate the compliance with the Qualification Requirement. For our efforts and actions taken to comply with the Qualification Requirement, please refer to "Contractual Arrangements" in the Prospectus. As at the date of this annual report, we are still awaiting the approval of The Bureau for Private Post-secondary Education for the establishment of a school in California, and in the process of searching for appropriate school premises as well as suitable management for the operation of the new university in California, the United States, with assistance from the U.S. Consultant. For taking the steps mentioned above, we incurred approximately US$70,000.

Our PRC Legal Advisor is of the view that while Sino-foreign cooperative schools are to be jointly established by both foreign and domestic educational institutions, it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate that it meets the Qualification Requirement. Based on their understanding of the existing general provisions of the Qualification Requirement and the steps that we have undertaken as mentioned above, our PRC Legal Advisor is of the view that we are taking all reasonable steps towards fulfilling the Qualification Requirement.

Our PRC Legal Advisor has also advised that if the Foreign Ownership Restriction and the Foreign Control Restriction are both removed but the Qualification Requirement remains, we will be able to operate our schools in the PRC directly through Hope California in the event that Hope California gains sufficient foreign experience to satisfy the current Qualification Requirement and obtains approval from the relevant education authorities for the establishment of a Sino-Foreign Joint Venture Private School.

We have undertaken to the Hong Kong Stock Exchange that we will:

- under the guidance of our PRC Legal Advisor, continue to keep ourselves updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and

- provide periodic updates in our annual and interim reports after the Listing to inform our Shareholders of our efforts and actions undertaken with the Qualification Requirement.

As at the Latest Practicable Date, there is no further development regarding this plan.

(3) Foreign Investment Law

For details of the latest development of the Foreign Investment Law, please refer to "- Significant Events after the Reporting Period – Foreign Investment Law and its Impact on the Group and its Business Operation".

Risks in relation to the Arrangements and Actions Taken to Reduce Risks

Our wholly-owned subsidiary WFOE entered into the contractual arrangements pursuant to which it is entitled to receive substantially all of the economic benefits from our consolidated affiliated entities. We have been and are expected to continue to be dependent on our contractual arrangements to operate our education business. If the contractual arrangements that establish the structure for operating our China business are found to be in violation of any existing or future PRC laws, rules or regulations or fail to obtain or maintain any of the required permits or approvals, we may not be able to consolidate the results of operations of our consolidated affiliated entities. The relevant PRC regulatory authorities, including the MOE, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiaries or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or consolidated affiliated entities;
- imposing additional conditions or requirements with which we, our PRC subsidiaries or consolidated affiliated entities may not be able to comply;
- requiring us to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- restricting or prohibiting our use of proceeds from public offering or other financing activities to finance our business and operations in China; or
- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business in China and a loss of our economic benefits in the assets and operations of our consolidated affiliated entities. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the consolidated affiliated entities or our right to receive its economic benefits, we would no longer be able to consolidate such entity. Such entity contributes substantially all of our consolidated net revenues.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the contractual arrangements and our compliance with the contractual arrangements:

- major issues arising from the implementation and compliance with the contractual arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

- our Board will review the overall performance and compliance with the contractual arrangements at least once a year;

- our Company will disclose the overall performance and compliance with the contractual arrangements in our annual reports;

- our Directors undertake to provide periodic updates in our annual reports regarding the qualification requirement as stipulated under "Contractual Arrangements – Background to the Contractual Arrangements" in the Prospectus and the latest development of the applicable laws and regulations as disclosed under "Contractual Arrangements – Development in PRC Legislation on Foreign Investment" in the Prospectus, including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the qualification requirement; and

- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the contractual arrangements, review the legal compliance of WFOE and our consolidated affiliated entities to deal with specific issues or matters arising from the contractual arrangements.

In addition, we believe that our Directors are able to perform their roles in our Group independently and we are capable of managing our business independently after the Listing under the following measures:

- the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

- each of our Directors is aware of his or her fiduciary duties as a Director which requires, among other things, that he or she acts for the benefits and in the best interests of our Company;

- we have appointed three independent non-executive Directors, comprising half of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and

- we will disclose in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his or her associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

Review the Transactions Carried Out during the Reporting Period in accordance with the Contractual Arrangements

Our independent non-executive Directors have reviewed the contractual arrangements and confirmed for the year ended 31 August 2022, that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the contractual arrangements, (ii) no dividends or other distributions have been made by our consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the consolidated affiliated entities during the relevant financial period are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of the Shareholders as a whole.

The Board has reviewed the overall performance and compliance of the contractual arrangements for the year ended 31 August 2022.

The auditor of the Group has reviewed the transactions carried out under the contractual arrangements in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and a letter has been sent to the Directors and a copy has been sent to the Hong Kong Stock Exchange to confirm that the transactions have been approved by the Directors and has been entered into in accordance with the relevant contractual arrangements and that no dividends or other distributions have been made by our consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

The Directors confirmed that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of the contractual arrangements.

Material Changes

As at the date of this annual report, there is no material change in the circumstances on which the contractual arrangements and/or the adoption of the contractual arrangements are based.

Unwind the Contractual Arrangements

As at the date of this annual report, no contractual arrangements have been unwound and no circumstances occurred in which contractual arrangements could not be unwound in the event of cancellation of restrictions on the adoption of the contractual arrangements. For details, please refer to "Contractual Arrangements – PRC Laws and Regulations relating to Foreign Ownership in the Higher Education Industry – Circumstances in which we will unwind the Contractual Arrangements" in the Prospectus. If the regulatory environment in China changes and all Qualification Requirements are removed or we are able to meet the Qualification Requirements, and the Foreign Ownership Restriction and the Foreign Control Restriction are removed (assuming there are no other changes in the relevant PRC laws and regulations), our Company will be allowed to directly hold 100% of the interests in our schools and our Company will fully unwind the contractual arrangements and directly hold all equity interest in the schools. Our Company will also acquire rights to appoint all members to the board of directors of the schools.

LAND USE RIGHT CERTIFICATES, BUILDING OWNERSHIP CERTIFICATES AND FIRE CONTROL ASSESSMENT REQUIREMENTS

As at 31 August 2022, the total area of land used by our schools which had not obtained the land use right certificates and has not paid the land transfer fee decreased as compared with the previous year.

As at 31 August 2022, 37.2% of the total housing area of our schools had not yet obtained the building ownership certificates, primarily due to the lack of construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and acceptance inspection upon completion (竣工驗收), having not passed fire control assessment and/or environmental protection inspection assessment as required under relevant PRC laws and regulations. We have implemented extensive and comprehensive measures to rectify the above defects in our owned buildings and buildings under construction. We are in the process of applying to relevant government authorities for the relevant outstanding certificates and permits and are closely following up with the government authorities with respect to our applications.

In addition, as at 31 August 2022, some of our schools did not fully meet the regulatory requirements in terms of the teaching and administrative building area per student or the site area per student.

As at 31 August 2022, we were not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us with respect to the defects of the properties mentioned above. The Directors are of the view that the defects of our owned properties above will not have any significant and adverse effect on our operations and financial conditions as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 August 2022 are presented in Note 35 to the consolidated financial statements. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

NON-COMPETE UNDERTAKING

Each of West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強), Wang Degen (王德根), Tang Jianyuan (唐健源), Liu Birong (劉碧容), Wang Qiang (王強), Lan Hai (蘭海), Zeng Zheng (曾正), Zhou Xingbang (周興幫), Wang Xiaoguo (王孝國), Xiao Song (肖崧), Mei Shaofeng (梅紹鋒), Wang Huiwu (汪輝武) and Fu Wenge (付文革), being our Controlling Shareholders, and their respective close associates undertake to our Company and WFOE as part of the contractual arrangements that, unless with the prior written consent of WFOE and Hope Education, so long as he/she/it remains a shareholder of Hope Education, each of the aforementioned Controlling Shareholders and their respective close associates will not directly or indirectly engage in, possess, invest, participate in or operate any businesses or activities which compete or might compete with the existing businesses of Hope Education and its subsidiaries ("**Competing Businesses**") for interests of itself or other parties, or engage in Competing Businesses with any information obtained from Hope Education or its subsidiaries, or derive any benefits from any Competing Businesses.

As at the date of this annual report, the Controlling Shareholders do not have any other interest in any business that may, directly or indirectly, compete with the business of Hope Education or its subsidiaries.

For details of the non-compete undertakings, please refer to "Relationship with Controlling Shareholders -Independence from Controlling Shareholders – Non-compete Undertaking" and "Relationship with Controlling Shareholders – Corporate Governance Measures" in the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the non-compete undertaking during the Reporting Period for disclosure in this annual report.

The independent non-executive Directors have reviewed the compliance with the non-compete undertaking during the Reporting Period based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that the Controlling Shareholders have duly complied with the non-compete undertaking.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates is engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

REMUNERATION POLICIES AND DIRECTORS' REMUNERATION

As at 31 August 2022, the Group had approximately 12,660 faculty members. Employee compensation includes salary, bonus and stock option schemes. The Group provides pre-employment training for new teachers to help new teachers integrate into the teaching staff faster and better. The remuneration packages of the Group's employees are determined by reference to individual qualifications, experience, performance, contribution to the Group and current market standards. In accordance with PRC laws and regulations, the Group participates in employee social security schemes managed by local governments for employees, including housing, pensions, medical insurance, maternity insurance and unemployment insurance.

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on the remuneration policies and structure for all Directors and senior management as well as on the establishment of formal and transparent procedures for developing remuneration policies, taking into account the skills, knowledge and experience of the Board. None of the Directors shall determine his own remuneration.

The Directors and senior management may also receive options to be granted under the 2018 Pre-IPO Share Option Scheme. For further details of the 2018 Pre-IPO Share Option Scheme, see "2018 Pre-IPO Share Option Scheme" on page V-16 of the Prospectus.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 8 and Note 9 respectively, to the consolidated financial statements in this annual report. None of the Directors has waived any remunerations for the year ended 31 August 2022.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the Company's retirement and employee benefit plans are set out in Note 2.4 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

Based on the public information available to the Company and to the best knowledge of the Directors, the Company has been maintained the public float as required by the Listing Rules as at the date of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on the section headed "Management Discussion and Analysis" of this annual report. This summary does not form part of the audited consolidated financial statements.

TAX CONCESSION AND EXEMPTION

The Company is not aware of any tax concession and exemption granted to Shareholders by virtue of their holding of securities in the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

DIRECTORS' PERMITTED INDEMNITY PROVISION

According to the Memorandum and Articles of Association of the Company, each Director, auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or suffered by him as the Director, auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is discharged. During the year ended 31 August 2022, the Company has maintained appropriate liability insurance for directors and the management of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For details of the Group's significant events after the reporting period please refer to "Management Discussion and Analysis – Events after the Reporting Period" of this annual report.

AUDITOR

At the forthcoming annual general meeting, a resolution will be proposed to re-appoint Ernst & Young as the independent auditor of the Company. In addition, the Company has not changed its auditor in the past three years.

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

Hong Kong, 30 November 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner.

The Board confirmed that the Company has complied with all code provisions set out in the CG Code from the date of Listing to the date of this annual report.

THE BOARD

The names of the directors and the members of the committees established by the Board are as follows:

Executive Directors

Mr. Xu Changjun (徐昌俊) (member of the Strategy and Development Committee)
Mr. Wang Huiwu (汪輝武) (chief executive officer, chairman of the Strategy and Development Committee, member of the Nomination and Remuneration Committee)
Mr. Li Tao (李濤) (member of the Strategy and Development Committee)

Non-executive Directors

Mr. He Shengli (賀勝利) (chairman, member of the Strategy and Development Committee)
Mr. Lu Zhichao (呂志超) (member of the Strategy and Development Committee, member of the Audit Committee)
Mr. Tang Jianyuan (唐健源) (member of the Audit Committee)

Independent Non-executive Directors

Mr. Zhang Jin (張進) (chairman of the Audit Committee)
Mr. Chen Yunhua (陳雲華) (chairman of the Nomination and Remuneration Committee, member of the Audit Committee)
Dr. Gao Hao (高皓) (member of the Audit Committee, member of the Nomination and Remuneration Committee)

All of the Directors are knowledgeable and have extensive experience in the business of the Group. The biographies of Directors are set out in the section headed "Directors and Senior Management" in this annual report. As far as the Company is aware, there are no relationships among the members of the Board. The Company reviews the composition of the Board from time to time, to ensure that the Board has a balance of skills and experience appropriate to the Company's business, and the Board has a strong independent element to safeguard the interests of Shareholders.

DELEGATION BY THE BOARD

The Board reserves its decision for all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Company are delegated to senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Group regularly reviews the duties and powers delegated in the above manner to ensure that the persons delegated with duties and powers are still appropriate. The Board has also established an Audit Committee, a Nomination and Remuneration Committee and a Strategy and Development Committee to perform various duties delegated by the Board. Further details of these committees are set out below.

CORPORATE GOVERNANCE FUNCTIONS

The Board will also be responsible for the corporate governance functions of the Company, in order to develop the policies and practices on corporate governance and comply with laws and regulations; monitor the training and continuous professional development of Directors and senior management; develop the code of conduct and compliance manual applicable to directors and employees; and review the compliance with the CG Code and review the disclosure in the Corporate Governance Report. The Board will continue to assess and commit to continuous development and improvement of the Group's corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 18 February 2022, the chairman was changed from Mr. Xu Changjun to Mr. He Shengli. Since the date of the Listing and up to the date of this annual report, Mr. Wang Huiwu served as the chief executive officer. The chairman is responsible for the management of the Board. The chief executive officer of the Company leads the day-to-day management of the Group's business. There is a clear and effective division of responsibilities between the chairman and the chief executive officer to ensure a balance of power and authority.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association has established the procedures and processes for the appointment, re-election and removal of directors.

According to the Articles of Association, at each annual general meeting of the Company, one-third of the Directors shall retire by rotation and each director shall retire at least once every three years. The term of the newly appointed Directors shall last until the next annual general meeting of the Company and will then be eligible for re-election at the meeting.

As the 2021 annual general meeting of the Company was convened on 18 February 2022 and directors were re-elected in the meeting, the re-election of directors for the year 2022 will be proceeded in the forthcoming annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The roles of the independent non-executive Directors are to provide independent and objective advice to the Board and to provide sufficient constraints and balance to the Group, in order to safeguard the interests of the Shareholders and the Group as a whole. Independent non-executive directors actively participate in the Board and board committees, providing independent, constructive and informed advice.

The Company has received an annual written confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors, and the Company believes that all independent non-executive Directors have met the independence criteria set out in Rule 3.13 of the Listing Rules.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy to ensure that the Company will consider membership diversity in all aspects when determining the composition of the Board. The Company has established the following measurable objectives: the screening of candidates will be based on a number of aspects, including, but not limited to, age, culture and educational background, ethnicity, professional experience, skills and knowledge. However, the appointment of the Board will ultimately be determined on the basis of the selected candidates' value and contribution to the Board. The Nomination and Remuneration Committee oversees the implementation of the board diversity policy and will review the policy periodically to make any necessary updates.

In reviewing the structure, size, composition and diversity of the Board, the Nomination and Remuneration Committee has taken into account the measurable objectives as set out in the board diversity policy. The Nomination and Remuneration Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the Directors. However, the Nomination and Remuneration Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the board diversity policy in order to achieve increasing diversity at the Board level.

DIRECTORS' AND SENIOR MANAGEMENT'S INSURANCE

As at the date of this annual report, the Company has made appropriate insurance arrangements for potential legal proceedings against its Directors and senior executives.

BOARD MEETINGS

According to the code provisions of the CG Code, board meetings shall be held at least four times a year, approximately once every quarter, and at least 14-day notices shall be given for regular board meetings. The Board meets from time to time to discuss the Group's overall strategy, operations and financial performance. Directors may attend board meetings in person or through electronic communication.

The notices and agenda of the board meetings and the relevant documents were sent to the Directors in time before the meetings.

Minutes of the Board meetings and committee meetings are/will be recorded in sufficient detail about the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each board meeting and committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

For the year ended 31 August 2022, 4 Board meetings and 4 general meetings were held and the attendance of each Director at these meetings is set out in the table below:

	Number of Board meetings attended/held	Number of general meetings attended/held
Name of Directors		
Executive Directors		
Mr. Xu Changjun	4/4	3/4
Mr. Wang Huiwu	4/4	1/4
Mr. Li Tao	4/4	0/4
Non-executive Directors		
Mr. Tang Jianyuan	4/4	1/4
Mr. Lu Zhichao	4/4	0/4
Mr. He Shengli	4/4	1/4
Independent non-executive Directors		
Mr. Zhang Jin	4/4	0/4
Mr. Chen Yunhua	4/4	0/4
Dr. Gao Hao	4/4	0/4

BOARD COMMITTEES

The Board has established three Board committees (namely the Audit Committee, the Nomination and Remuneration Committee and the Strategy and Development Committee), to oversee the Company's affairs in all aspects. All Board committees have established clear written terms of reference and report to the Board on their decisions or recommendations.

The Board committees are provided with sufficient resources to perform their duties and may seek independent professional advice where appropriate when receiving reasonable requests. The relevant costs shall be borne by the Company.

AUDIT COMMITTEE

The Audit Committee was established on 14 July 2018 and consists of five members (namely Mr. Zhang Jin, Mr. Tang Jianyuan, Mr. Lu Zhichao, Mr. Chen Yunhua and Dr. Gao Hao), among them, Mr. Zhang Jin, Mr. Chen Yunhua and Dr. Gao Hao are independent non-executive Directors, and Mr. Tang Jianyuan and Mr. Lu Zhichao are non-executive Directors. Zhang Jin serves as the chairman of the Audit Committee, who has the appropriate professional qualifications and accounting and related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are as follows:

1. **Relationship with the Company's auditors**

   (a) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any matters in relation to its resignation or dismissal;

   (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

   (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee shall report and make recommendations to the Board on any matters where action or improvement is needed;

2. **Review of the Company's financial information**

   (d) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant opinions on financial reporting contained in these statements and reports. In reviewing these statements and reports before submission to the Board, the committee shall focus particularly on:

      (i) any changes in accounting policies and practices;

      (ii) major judgmental areas;

      (iii) significant adjustments resulting from audit;

      (iv) the going concern assumptions and any qualifications;

      (v) compliance with accounting standards; and

      (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

3. **Oversight of the Company's financial reporting system, risk management and internal control systems**

   (e) to review the Company's financial controls, and unless expressly addressed by a separate risk committee under the Board, or by the Board itself, to review the Company's risk management and internal control systems;

   (f) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion shall include adequacy of resources, staff qualifications and experience, training programmes and the relevant budget of the Company's accounting and financial reporting function;

   (g) to consider major investigation results on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these results;

   (h) reviewing the Company's internal audit function, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(i) to review the Group's financial and accounting policies and practices;

(j) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(k) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(l) to report to the Board on the matters set out in this Terms of Reference; and

(m) to consider other topics, as defined by the Board.

For the year ended 31 August 2022, 4 meetings of the Audit Committee were held and the attendance of each member at the meeting is set out in the table below:

Name of Members	Number of Audit Committee meetings attended/held
Non-executive Directors	
Mr. Tang Jianyuan	4/4
Mr. Lu Zhichao	4/4
Independent Non-executive Directors	
Mr. Zhang Jin	4/4
Mr. Chen Yunhua	4/4
Dr. Gao Hao	4/4

The audited financial results of the Group for the year ended 31 August 2021 and the audited financial results for the year ended 31 August 2022 have been reviewed by the Audit Committee, and the Audit Committee considers that the relevant financial statements have been prepared in accordance with applicable accounting standards and requirements and have made adequate disclosures during the relevant meetings. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and the selection and appointment of external auditors. In addition, the Audit Committee has reviewed the Group's internal controls and has monitored the Group's risk management and internal control systems.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was established on 14 July 2018 and consists of three members (namely Mr. Chen Yunhua, Mr. Wang Huiwu and Dr. Gao Hao), among them, Mr. Chen Yunhua and Dr. Gao Hao are independent non-executive Directors, and Mr. Wang Huiwu is an executive Director. Mr. Chen Yunhua serves as the chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; to review the structure, size and composition (including the skills, knowledge and experience) of the Board regularly and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; to evaluate the balance of skills, knowledge and experience on the Board before appointments are made by the Board, and, in the light of this evaluation, preparing a description of the roles and capabilities required for a particular appointment; and to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on establishing a formal and transparent procedure for developing remuneration policy; to review and approve senior management's remuneration proposals with reference to the Board's corporate goals and objectives; to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment; to review the performance of duties by the Directors and senior management and to conduct annual performance appraisal; and to carry out other matters authorized by the Board.

The composition and written terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of the CG Code. the Company held 1 meeting of the Nomination and Remuneration Committee during the year ended 31 August 2022, and the attendance of each member at the meeting is set out in the table below:

Name of Members	Number of Nomination and Remuneration Committee meeting attended/held
Executive Directors	
Mr. Wang Huiwu	1/1
Independent Non-executive Directors	
Mr. Chen Yunhua	1/1
Dr. Gao Hao	1/1

DIRECTOR NOMINATION POLICY

Procedure for Nomination of Directors

1. When there is a vacancy on the Board, the Nomination and Remuneration Committee should evaluate the balance of skills, knowledge, experience and characteristics of the Board, and identify any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).

2. Prepare a description of the role and capabilities required for the particular vacancy.

3. Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.

4. Arrange interview(s) with each candidate for the Nomination and Remuneration Committee to evaluate whether he or she meets the criteria adopted by the Nomination and Remuneration Committee for nomination of directors. One or more members of the Nomination and Remuneration Committee will attend the interview.

5. Conduct verification on information provided by the candidate.

6. Convene a Nomination and Remuneration Committee meeting to discuss and vote on which candidate(s) to nominate to the Board.

7. Make recommendations to the Board on the candidate(s) for directorship.

8. Convene a Board meeting to discuss and vote on which candidate(s) to appoint to the Board.

The Nomination and Remuneration Committee will refer to the following criteria when assessing candidates:

1. Reputation.

2. Achievements and experience in the education industry, especially in the private higher education sector.

3. Time available.

4. Diversification of the Board in various aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure.

During the year ended 31 August 2022, there was no appointment of directors.

STRATEGY AND DEVELOPMENT COMMITTEE

The Strategy and Development Committee was established on 14 July 2018 and consists of 5 members (namely Mr. Wang Huiwu, Mr. Xu Changjun, Mr. Li Tao, Mr. Lu Zhichao and Mr. Wang Degen (resigned on 24 June 2021), Mr. He Shengli (appointed on 24 June 2021), among them, Mr. Wang Huiwu, Mr. Xu Changjun and Mr. Li Tao are executive Directors, and Mr. Lu Zhichao and Mr. Wang Degen (resigned on 24 June 2021), Mr. He Shengli (appointed on 24 June 2021) are non-executive Directors. Mr. Wang Huiwu serves as the chairman of the Strategy and Development Committee. The primary duties of the Strategy and Development Committee include, but are not limited to, to review and make recommendations to the Board on our business objectives and strategic development plans; to evaluate factors which may affect our strategic development plans and their implementation, such as domestic and foreign economic and financial conditions, market and industry development trends and the relevant national policies on education institutions, and to make recommendations to the Board on adjustment to our strategic development plans in a timely manner; to supervise and inspect the implementation of annual and interim operation plans; to evaluate our corporate governance and making recommendations to the Board; and other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

During the year ended 31 August 2022, 1 meeting of the Strategy and Development Committee was held and the attendance of each member at the meeting is set out in the table below:

Name of Members	Number of Strategy and Development Committee meeting attended/held
Executive Directors	
Mr. Wang Huiwu	1/1
Mr. Xu Changjun	1/1
Mr. Li Tao	1/1
Non-executive Directors	
Mr. He Shengli	1/1
Mr. Lu Zhichao	1/1

The Strategy and Development Committee reviewed the business objectives and strategic development plans of the Company; and, based on the domestic and international economic and financial situation, market and industry trends and national policies related to educational institutions, assessed the factors that may affect the Company's strategic development plans and its implementation during the meeting.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation of Directors is supported by formal and transparent policies. Directors are fairly paid and their compensation is commensurate with their experience, responsibilities, workload and performance as well as the Group's performance. No Director is involved in deciding his/her own compensation. Although the Company maintains a competitive remuneration level to attract and retain directors and operate the Company successfully, it strictly enforces the Directors' compensation policy and budgets carefully, and does not pay the Directors more than necessary.

Details of the remuneration paid or payable to the Directors for the year ended 31 August 2022 are set out in Note 8 to the consolidated financial statements.

The remuneration paid or payable to the members of the senior management for the year ended 31 August 2022, the biographies of which are included in the section headed "Directors and Senior Management" of this annual report, are in the following ranges:

Remuneration band(s) (RMB)	**Number of individual**
0 to 500,000	4
500,000 to 1,000,000	1

MODEL CODE FOR SECURITIES TRANSACTIONS

On 14 July 2018, the Company adopted the Model Code as the Group's code of conduct governing the dealings in the securities by the directors and relevant employees. Upon specific enquiry, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 August 2022.

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

The Company periodically organises training courses for the Directors, senior management and staff, to develop and refresh their knowledge in areas related to their daily duties and the Group's business growth in a changing economic environment. For the year ended 31 August 2022, the Company's external legal advisor has provided training courses to all Directors on a wide range of topics, including the duties and responsibilities of the directors under the Listing Rules, the laws applicable to the Company, the Company's continuing compliance obligations, the disclosure requirements of price-sensitive information and directors' reporting responsibility under the Listing Rules and the Securities and Futures Ordinance, and the discloseable and connected transactions of listed companies. The Company also organised training courses with internal consultants with expertise in internal control and risk management as well as environmental, social and governance reporting. The executive Directors, senior management, financial department personnel and relevant personnel from operation and management departments participated in these training courses.

DIRECTORS' ACKNOWLEDGEMENT

The Board is responsible for presenting a balanced, clear and understandable assessment of the annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements for the year ended 31 August 2022. The management provides the Board with the necessary explanations and information so that the Board can make an informed assessment and approve the financial and other information submitted to it. The Company provides monthly updates to the Board in relation to the latest information on the Company's performance, status and prospects.

The Directors are not aware of any material uncertainties relating to events or circumstances that may be of serious doubt about the Company's ability to continue as a going concern.

A statement by the Company's auditor on its reporting responsibilities to the Company's financial statements is set out in page 120 to page 128 of the Independent Auditor's Report in this annual report.

AUDITORS' REMUNERATION

For the year ended 31 August 2022, the professional fees paid or payable by the Group to Ernst & Young, the Company's auditor for the audit and non-audit services were as follows:

	RMB'000
Audit services	7,850
Non-audit services	200

JOINT COMPANY SECRETARIES

Ms. Chan Yin Wah and Mr. Huang Zhongcai are joint company secretaries of the Company, whose biographies are set out in the section headed "Directors and Senior Management" of this annual report. Mr. Huang is a full-time employee of the Company and reports corporate governance matters to the chairman and chief executive officer of the Company.

Ms. Chan and Mr. Huang have received no less than 15 hours of training on corporate governance and other aspects during the year ended 31 August 2022. The main contact person of Ms. Chan Yin Wah in the Company is Mr. Huang Zhongcai, one of the joint company secretaries of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control system 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. 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 query 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. During the Reporting Period, the Company's internal audit department provided independent assurance as to the adequacy and effectiveness of the Company's risk management and internal control systems.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Each of our schools is managed on a day-to-day basis by its principal, who is assisted by several vice principals responsible for one or more specific aspects of our schools' operations. The board of directors of each of our respective schools is responsible for the overall management and decisions on matters that are significant to each of our schools. The board of directors, principals and vice principals of our 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. Each of our school has 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.

Each of our schools has appointed counsellors to serve as a bridge between students and colleges. Counsellors are students' primary contact for questions and concerns they may encounter in their school life, who provide support and guidance to the students and educate the various rules formulated by our schools. Counsellors also regularly inspect the student dormitories to ensure orderly, safe, clean and healthy living conditions for our students and help students with social and behavioural issues. Our schools have also implemented complaint channels and established a task force comprising the principal and head of school departments with a view to understanding, responding and resolving complaints from students.

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 acquisition 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 building up effective internal control and risk management systems. The Company has appointed Guotai Junan 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 Futures 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.

As disclosed in the paragraph headed "Internal Control and Risk Management" in the "Business" section of the Prospectus, the Company engaged an independent internal control consultant (the "**Internal Control Consultant**") to conduct an assessment of our internal control system in September 2017. In response to the findings and recommendations of the Internal Control Consultant, the Company performed remedial actions prior to the Listing.

During the year ended 31 August 2022, the Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group and considered the systems to be effective. Such review covered aspects including financial, operational and compliance controls and risk management functions. The Board will conduct a review on the effectiveness of that year's internal control and risk management systems of the Group at least once in each financial year. 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.

COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with Shareholders is essential to enhancing investor relations and investors' understanding of the Group's business performance and strategy. The Group also recognizes the transparency of its corporate information and the importance of timely disclosure of such information, which enables Shareholders and investors to make the best investment decisions.

The Company's website (www.hopeedu.com) acts as a communication platform with Shareholders and investors. The information and the latest developments of the Company's business development and operations and other information are available on this website for public inspection.

To facilitate communication between the Company and the investment community, the Company regularly conducts briefings and meetings with institutional investors and analysts as well as media interviews and roadshows, to provide the latest and comprehensive information of the Company.

Having considered the various existing channels of communication and participation, the Board considers that the Shareholders' Communication Policy has been properly implemented and effective during the year.

SHAREHOLDERS' GENERAL MEETINGS

For the year ended 31 August 2022, the Company has held 4 general meetings. The Company will hold its annual general meeting on 24 February 2023.

SHAREHOLDERS' RIGHTS

Nominate a person for election as a Director

In accordance with Article 16.4 of the Articles of Association, no person shall, except recommended by the Board for election, be eligible for election to the office of director at any general meeting, unless notice in writing of the intention to nominate that person for election as a Director and notice in writing by that person of his/her willingness to be elected have been sent to the Company Secretary. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Shareholders who wish to nominate a candidate (the "**Candidate**") for election as a director at a general meeting shall submit a written notice (the "**Notice**") to the principal place of business of the Company in Hong Kong. The Notice shall: (i) contain the biographical details of the Candidate as required under Rule 13.51(2) of the Listing Rules; and (ii) be signed by the relevant Shareholders and by the Candidate, indicating his/her willingness to stand for election and consent to publish his/her individual information.

The period for lodgment of such notices will commence from the day after the despatch of the notice of the general meeting and end no later than seven (7) days prior to the date of such general meeting. In order to give Shareholders sufficient time to consider the proposal on the candidate for election as a director, Shareholders who wish to make such proposal shall submit the notice as soon as practicable.

CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 12.3 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, shall at all times have the right, by written requisition sent to the Hong Kong office of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days from the date of the deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a meeting in the same manner, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board to convene the meeting shall be reimbursed by the Company to the requisitionists.

SUBMIT A PROPOSAL AT GENERAL MEETINGS

Shareholders who wish to submit a proposal may request the Company to convene a general meeting in accordance with the procedure set out in the preceding paragraph, to consider the matters specified in the request.

SEND ENQUIRIES TO THE BOARD

Shareholders may send any of comments or enquiries by e-mails (ir@hopeedu.com) to the Board or in writting to the principal place of business of the Company in Hong Kong.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Company adopted the revised and restated Memorandum and Articles of Association of the Company on 14 July 2018, with effect from the Listing Date. The Company has made no changes to the Company’s Memorandum and Articles of Association since its Listing. The latest version of the Company’s Memorandum and Articles of Association are available on the Company’s website and HKEXnews.

ABOUT THE REPORT

Summary

This is the Environmental, Social and Governance Report published by the Hope Education Group for five consecutive years. Based on the principles of importance, quantitative, balance and consistency, the report provides a detailed disclosure of Hope Education Group's practice and performance in areas such as environment, society and governance responsibility for the year.

Basis of Preparation

This report is prepared in accordance with Environmental, Social and Governance Reporting Guide (《環境、社會及管治報告指引》) set out in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange.

Scope of Reporting

The materials published and statistically reported in the report are from 1 September 2021 to 31 August 2022. To enhance the completeness and the ability of comparison, part of the content of this report covers the information of previous years.

Data Sources and Reliability Guarantee

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

Access of the Report

The electronic version of this report is available on the official website of Hope Education Group Co., Ltd. (www.hopeedu.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Contact Information

If you have any questions or feedback on this report, please feel free to contact us by:
Email: ir@hopeedu.com
Official Website: www.hopeedu.com

STATEMENT FROM THE BOARD

Hope Education is committed to establishing a sound ESG management system, with the Board as the top responsibility, decision-making and supervisory body for ESG matters, to continuously promote the sustainable development of the Group. The ESG Working Group under the Board as the executive level of the Company's ESG matters, implements various ESG-related resolutions passed by the Board and promotes the development of specific ESG matters in various departments and campuses of the Group to ensure the efficient deployment of resources and implementation of ESG works.

Hope Education attaches great importance to the material impact ESG risks may have on the Group, and plans to carry out the identification and assessment of ESG and climate change risks based on the external socio-economic, macro environment and the development strategies of the Group. In the future, the Group will continue to strengthen its capabilities in climate change-based risk and management and its abilities to address them.

We are concerned about the expectations and demands of various stakeholders, and committed to maintaining communication with stakeholders in various ways in order to identify and evaluate ESG issues with importance. The Group takes ESG information disclosures seriously. The Board supervises the preparations of ESG reporting and reviews the annual ESG report to ensure the accuracy and effectiveness of information disclosure.

This report discloses in detail the progress and effectiveness of the ESG works of Hope Education in 2022, which has been reviewed and approved by the Board on 30 November 2022.

RESPONSIBILITY MANAGEMENT

Responsibility Philosophy

Hope Education has always focused on higher vocational education and establishment of applied colleges, fulfils the fundamental mission of fostering character and civic virtue, and attaches great importance to the connotation construction of colleges and the quality of talent cultivation, by adhering to our fundamental educational philosophy of "gratefulness · optimism · rigor · responsibility". Facing the new era, Hope Education regards provision of better education resources as its mission and task to continuously improve the quality of talent cultivation.

As a corporate citizen, the Group strictly complies with the Company Law of the People's Republic of China and other laws and regulations, and adopts the requirements set out in the Corporate Governance Code in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange as the Company's corporate governance codes to ensure its legal and compliant operation and effectively safeguard the interests of the Company and all of its shareholders.

As a private education enterprise, we strictly abide by professional ethics, continuously optimize the quality of teaching services, make innovation in subject education, attach great importance to the connotation and quality construction of colleges, and proactively explore a development path of private education with distinctive characteristics, striving to cultivate various types of high quality talents with professional skills.

Responsibility Management

A sound ESG governance system is the basic guarantee for corporate ESG governance. Hope Education continuously builds and improves the ESG governance system by practicing a business philosophy of sustainable development, and integrates ESG factors into the corporate decision-making and daily operations to protect the interests of shareholders and improve the level of sustainable development on an on-going basis.

To better achieve the standardized and professionalized management of sustainable development, Hope Education has established an ESG management system comprising the Board, the ESG panel and Group headquarters and principals from each school, and constantly reviewed and improved ESG internal management mechanism, work process and methods of information disclosure. In particular, the Board is responsible for the approval of ESG Report and making major decisions, the ESG panel is responsible for the delivery of resolutions made by the Board and the report of work process and feedback from the Group's ESG, and each department of the Group and principals from each school are responsible for the practice of ESG work and implementing decisions made by the decision-making layer into daily practice. The Group has established a three-level ESG management structure from decision-making layer, execution layer to implementation layer, and continuously optimizes the Company's ESG governance and management capabilities.

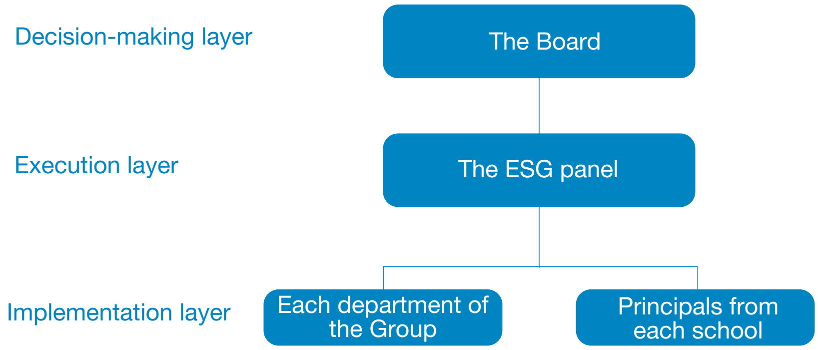


Figure of ESG Governance Framework of Hope Education

Communication with Stakeholders

Hope Education closely monitors demands of various internal and external stakeholders such as governments and regulatory institutes, investors/shareholders, teachers/employees, students/parents, suppliers/partners and community public, proactively opens up various communication channels, and fully collected and responded to stakeholders' expectations for a sustainable development of Hope Education, striving to create long-term value for them.

Table of Stakeholder Communication Methods of Hope Education

Stakeholders	Area of concerns and demands	Communication methods
Government and regulatory authorities	Observe state laws and regulations Operation in compliance with laws and regulations and management Fulfil its liability to tax in conformance with law	Irregular inspection Communication with government Periodic report
Investors/shareholders	Stable investment returns Operation in compliance with laws and regulations and management Sustainable development and risk control	General meeting Announcement, press release and periodic report Investor relations roadshow
Teachers/employees	Strengthen teachers' professional skills Employee benefits Occupational health and safety Promotion and development Improve the teaching/working environment	Teacher/employee training Internal teacher/employee evaluation Internal exchange forum WeChat/Email direct communication channel arranged by the management
Students/parents	Teaching quality Campus life and social practice School safety and physical and mental health guarantee Employment rate	Student satisfaction survey WeChat/Email direct communication channel arranged by the management Theme class meeting or lecture
Suppliers/partners	Fair competition and dealing Dealing with integrity Mutual benefit and long-term cooperation Product quality	Supplier site visit Supplier review Supplier exchange meeting
Public community	Integration with the community Public welfare projects Contribute to the society	Community activity Public welfare activities Thanksgiving season activities Hotline

Materiality Issue Management

Stakeholders' attention to various ESG issues and importance of the issues are the basis for determination of the Company's material issues. In accordance with the relevant requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and demands of various stakeholders on the Group, we conduct regular assessment on ESG important issues. In 2022, we made adjustment to the ESG materiality Issue by integrating the Group's business development for the year and benchmarking peer companies by combination of ESG materiality issues of the previous year. During the Reporting Period, the Group identified 25 materiality issues.

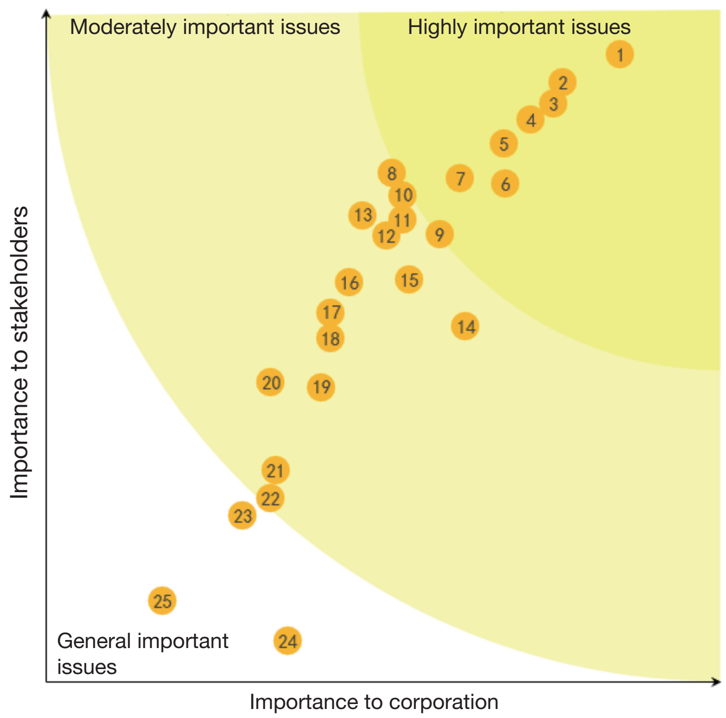


Figure of Materiality Matrix on Hope Education's ESG Issues

Table of Hope Education's ESG Important Issues

Highly important issues	1	Teaching quality
	2	Enriching teaching sources (such as hardware facilities, channels for exchanging teaching and learning experience, etc.)
	3	Strengthening teachers' professional skills
	4	Student safety and physical and mental health guarantee
	5	Professional skill training adapted to market demand
	6	Developing and creating teaching and research systems and teaching courses
	7	Employee remuneration and benefits
Moderately important issues	8	Protecting employees' interest
	9	Student employment rate
	10	Risk management and internal control system establishment
	11	Status of graduates
	12	Protecting privacy of students and parents
	13	Employee training and education
	14	Handling complaints from students and parents
	15	Student campus life and social practice
	16	Operational compliance and anti-corruption
	17	Green campus and green office
	18	Waste management
	19	Improving supplier management system
	20	Commencing volunteer support
	21	Promoting of cultural integration
	22	Improving energy efficiency
General important issues	23	Promoting concepts of science popularization and environmental protection
	24	Water resources management
	25	Controlling the greenhouse gas emission to combat climate change

OPERATIONAL RESPONSIBILITY

Hope Education continues to strengthen its operation and management level, promote compliance management and integrity construction, strengthen its ability to resist risks, ensure the integrity and efficiency of the Company's operations, attach great importance to protection of privacy and data security of students and parents, and respect and protect others' and their own intellectual properties, to establish a responsible and sustainable brand image and achieve sustainable development.

Anti-corruption

Hope Education has always complied with the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations, formulated and implemented the Employee Handbook《(員工手冊》) and other management systems to strictly prohibit the occurrence of illegal incidents such as bribery, extortion, fraud and money laundering and continuously consolidate its internal integrity construction. There was no corruption cases occurred in the Group during the Reporting Period.

The Group strictly resists internal and external bribery and money laundering to create an honest and upright corporate environment. In terms of contract management, we have formulated the Basic Regulation of Contracts Involving Balance of Funding (《涉經費收支合同基本規範》) to strictly regulate the contract management standards and principles, establish and improve the prevention mechanism of corporate compliance risk and legal risk and mitigate the occurrence of economic risks. In addition, to enhance the anti-corruption awareness of our faculty members, we regulate the business conduct and professional ethics of our employees through publicity or training to strictly prohibit any occurrence of illegal behaviors.

In terms of supplier integrity management, we continuously strengthen the integrity governance of suppliers, and sign the Corruption-free Agreements《(廉潔協議》) with relevant suppliers to prevent any occurrence of improper acts such as commercial bribery and strictly protect the legal compliance of our suppliers.

Privacy Protection for Students and Parents

Hope Education attaches great importance to the protection of customer privacy and data security, strictly complies with the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Regulations on the Management of Students in Regular Colleges and Universities (《普通高等學校學生管理規定》) and the Measures for the Administration of Full-time Regular College Students' School Roll (《全日制普通高等學校學生學籍管理辦法》), has formulated the School Roll and Academic Credentials Administrative Measures (《學籍學歷管理辦法》) and other rules to implement the information management mechanism for students and parents and effectively strengthen the construction of privacy protection in the Group. The Group did not receive any complaints about infringement of students' and parents' privacy during the Reporting Period.

In the course of daily data security and privacy protection, each school of the Group has entered into the Confidentiality Agreement《(保密協議》) with relevant staff, which clearly stipulates that no information about students and parents shall be provided or leaked, except normal work requirements of relevant posts, to effectively protect students' personal information security.

Intellectual Property Protection

Hope Education is fully aware of the importance of protecting intellectual properties, attaches great importance to the management and protection of intellectual properties, strictly complies with the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中國人民共和國著作法》) and other laws and regulations, holds zero-tolerance attitude to plagiarism, fully respecting the intellectual property rights of others while safeguarding their own legitimate rights and interests, thereby setting a good example for students.

We encourage, support and respect writings, invention patents and teaching and research achievements of teachers and students, assist in promoting the application, registration and protection of various intellectual properties, and regularly review the intellectual property products of each school of the Group. For malicious infringement of the Group's intellectual properties, we will protect our legitimate rights and interests through coordination, complaints, laws and other means. Meanwhile, we procure each school to strictly review the contents of teaching materials, and insist on the use of authorized editions of teaching materials to respect others' intellectual properties in strict accordance with the national and regional regulations on the use of intellectual properties.

EDUCATIONAL RESPONSIBILITY

Hope Education Group is committed to serving the society with better higher education services and fulfilling the mission and originality of fostering character and civic virtue by adhering to an educational philosophy of "gratefulness · optimism · rigor · responsibility". The Group continues to enhance teaching quality, comprehensively coordinate high-quality education resources, improve students' comprehensive quality, and deliver various high-quality applied professional and technical talents to the society through modern education.

Education Quality Improvement

Hope Education insists on taking quality of education and teaching as the lifeline of the Group's all-round development, continues to improve the relevant work mechanism, earnestly promotes the reform and innovation in education and teaching on the basis of standardizing the daily teaching operations, and steadily promotes high quality school operations and high quality talents training. According to the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on Online Teaching (《希望教育集團院校線上教學評估考核指標體系》) and the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on School Operation (《希望教育集團所屬院校辦學評估考核辦法及指標體系》), the Group has implemented the quality assurance system in all aspects of education and teaching to ensure that all work is conducted strictly according to quality standards.

During the Reporting Period, various colleges and universities actively strengthen the construction of majors and courses to improve the level of specialty construction by creating high quality and featured key majors, actively promoting the construction of three-level courses, i.e., qualified courses, quality courses and gold courses and facilitating the improvement of teaching level with quality majors and quality programmes. In addition, various colleges and universities continuously build a team of high-level and high-quality teachers and improve the structure and quality of teacher team, organize various competitions on teachers' teaching abilities, evaluation and display of excellent teaching plans and other activities, encourage and support faculty members to participate in teaching reform research and scientific research projects, and improve the research capacity and level of teachers, thus the teaching and scientific research atmosphere and research capacities are gradually enhanced, providing an important guarantee for improving the quality of teaching.

Table of accolades obtained by teachers of Hope Education in 2022 (partial)

Level of Award	Names of Awards
National	Milan Design Week 2022 – Excellent Works Exhibition of Design Discipline Teachers and Students in Chinese Universities (中國高校設計學科師生優秀作品展) – First Prize (1 awardee) and Third Prize (1 awardee) Milan Design Week 2023 – Excellent Works Exhibition of Design Discipline Teachers and Students in Chinese Universities – Third Prize (1 awardee)
National	The 5th National Digital Creative Teaching Skills Competition (全國數字創意教學技能大賽) – Second Prize (2 awardees)
National	The National College Digital Art & Design Awards (Teacher Group) (全國高校數字藝術設計大賽教師組) – First Prize (1 awardee) and Third Prize (1 awardee)
National	The 15th China Creative Challenges Contest (中國好創意暨全國數字藝術設計大賽) – Second Prize (2 awardees) and Third Prize (1 awardee) The 16th China Creative Challenges Contest – Third Prize (1 awardee)
National	National Undergraduate Smart Supply Chain Innovation and Entrepreneurship Challenge (全國大學生智慧供應鏈創新創業挑戰賽)- First Prize in preliminary round (1 awardee), Second Prize in preliminary round (1 awardee), Bronze Prize in final (2 awardees) and Excellent Instructor Award (3 awardees)
National	The Star Teacher Contest 2022 (Higher Vocational Group) hosted by Foreign Language Teaching and Research Press (2022年外研社"教學之星"大賽) – National Semi-finals – First Prize
National	The 12th Art and Design Exhibition of Chinese Universities (第12屆中國高校美術作品學年展) – Excellent Works Award
National	The 3rd National Cross-border E-commerce Professional Teachers Teaching Competition (第三屆全國跨境電商專業教師實踐教學能力競賽) – Third Prize in Group Competition
National	"ITMC Cup" National Cross-Border E-Commerce Skills Competition 2021 (2021年"ITMC杯"全國跨境電子商務技能大賽) – National Final in Teacher Group – Second Prize (1 awardee) and Third Prize (2 awardees)
National	The 4th "Keyun Cup" National Vocational Colleges and Universities Finance and Accounting Vocational Ability Competition 2022 (第四屆"科雲杯"全國職業院校高職組稅務技能大賽) – Third Prize of Excellent Instructors (2 awardees)
National	National University Biological Network Design Competition (Huawei Cup) 2022 (2022年全國大學生物聯網設計競賽(華為杯)) – Second Prize in Central China and Southwest Areas (1 awardee)
National	Yearbook of Contemporary Chinese University Students' Art Works in 2021 (2021中國當代大學生藝術作品年鑒) – Excellence Award (1 awardee)
National	The 25th National Teacher Education and Teaching Informatization Exchange (第二十五屆全國教師教育教學信息化交流活動) – Third Prize
National	The 2th National Undergraduate Purchasing Practice Competition (第二屆全國大學生采購實踐大賽) – Excellent Instructor
Provincial	Excellent Paper Award 2022 (Inner Mongolia Autonomous Region) hosted by China Association of Higher Education Society (內蒙古自治區高等教育學會2022年優秀論文) – First Prize
Provincial	Research Project of Henan Provincial Social Science Circles Federation (河南省社會科學聯合界聯合會調研課題) – First Prize
Provincial	The 1st Teachers Basic Education Skills Display Activities of Sichuan Colleges and Universities in Fine Arts Major in 2021 (2021年四川省首屆高等學校美術教育類專業教師基本功展示活動) – First Award (3 awardees)
Provincial	The 4th Chinese Classics Recitation Competition in 2022 (2022第四屆"中華經典誦讀") – First Prize (3 awardees)
Provincial	The 15th China Creative Challenges Contest (中國好創意暨全國數字藝術設計大賽) – First Prize

Enrich Educational Resources

To better pursue the mission and task of providing better higher education resources to the society and strive to build the top brand of private higher education in China, Hope Education leverages its rich school operating experiences and specialty advantages on the basis of improving education quality to enhance the construction of internal hardware and software facilities and promote external specialty cooperation and exchanges of talents and resources, which has greatly enriched the Group's educational resources and provided a sound guarantee for responsibility education.

Hope Education consolidates the foundation for education, increases investment and construction in laboratory equipment and facilities, improves training conditions of majors, upgrades and transforms teaching environment, thereby the learning and living conditions of teachers and students are constantly improved. The Group actively promotes the construction of school-enterprise cooperation, deepens the industry-education-research integration and constantly improves talent training model through an all-round cooperation in talent cultivation, joint construction between colleges and enterprises and other fields. During the Reporting Period, Yinchuan University of Energy established a communication mechanism with off-campus internship bases, and regularly conducted various forms of industry-education-research activities. 23 teachers and students majoring in drones from Sichuan Vocational College of Culture & Communication joined the new quality militia drone rescue team of the Mianzhu Armed Forces. Based on the school-enterprise cooperation with Chengdu Metro, Hope Education was elected as the vice chairman unit of Chengdu Rail Transit Vocational Education Group (Alliance) (成都軌道交通職業教育集團(聯盟)).

To learn from and absorb advanced external experience and cultivate higher quality talents, the Group puts forward the concept of international school operating layout, which has been conscientiously implemented by a number of colleges to strengthen the study and training of international projects, through signing strategic cooperation agreements with overseas colleges to build overseas internship and employment education bases; signing academic qualification upgrade agreements; holding international winter and summer camps, cultural experience and summer internship and practice projects for college students, establishing a platform for innovation and entrepreneurship exchanges and a long-term cooperation mechanism with universities in Taiwan to cooperate by establishing 1-5 cross-strait college students' entrepreneurial team(s), two-way summer camps and short-term research and training activities, which have effectively broadened the international vision of teachers and students and improved their comprehensive quality and social competitiveness.

Students' Potential Stimulation

Adhering to the teaching concept of "promoting learning, teaching and development via competition", Hope Education has formulated the Guiding Opinions on Encouraging Schools under the Group to Organize All Types of Competitions (《關於鼓勵集團院校開展各類競賽活動的指導意見》) and the Incentive Measures for Schools under the Group to Organize All Types of Competitions《(關於集團院校開展各類競賽活動獎勵辦法》) and other relevant systems to encourage schools to organize and hold, and teachers and students to participate in skill competitions, with a view to promote the construction of learning style, improve the comprehensive quality of teachers and students, cultivate knowledge-based, innovative and skill-based talents, and cultivate students' sense of innovation and cooperation. The Group stipulated incentive standards for awards in competitions, which further stimulated the enthusiasm of teachers and students. Competition and classroom education are effectively linked to enhance students' comprehensive abilities. Substantial achievements made by teachers and students of various schools from participating in high-quality competitions have effectively improved the quality of talent training, contributing greatly to cultivating high-quality applied professional and technical talents, and groups of students who have obtained experience in the competition have become the star of their position and the star of the entrepreneur in all walks of life.

Table of accolades obtained by students of Hope Education in 2022 (Partial)

Level of Award	Names of Awards
National	The 8th "Xuechuang Cup" National College Students Entrepreneurship Comprehensive Simulation Competition (第八屆"學創杯"全國大學生創業綜合模擬大賽) – First Prize in the Finals
National	The 10th National College Students Mechanical Innovation Design Competition – Fischertechnik Competition (第十屆全國大學生機械創新設計大賽慧魚組競賽) – First Prize
National	The 2nd "Emergency Science China Tour" College Students Cyber and Information Security Special Competition (第二屆"應急科普華夏行"大學生網絡和信息安全專題競賽) – First Prize (2 awardees)
National	National Enterprise Competition Simulation Contest in 2022 (2022企業競爭模擬大賽) – National First Prize (1 awardee), Third Prize (3 awardees)
National	"SELEP – VocabGo Cup" National English Vocabulary Contest 2022 (2022年外教社詞達人杯全國大學生英語詞匯能力大賽(全國)) – First Prize (1 awardee), Second Prize (1 awardee)
National	"FLTRP – ETIC Cup" English Writing Contest 2021 (Higher Vocational Group) (2021年外研社國才杯全國英語寫作大賽(高職組)) – Second Prize in National Finals
National	The 4th College Students Green Exhibition Innovation and Creativity Challenge 2021 (2021年第四屆大學生綠色會展創新創意挑戰賽) – Second Prize (2 awardess), Third Prize (4 awardees)
National	The 8th National College BIM Graduation Design Innovation Competition (第八屆全國高校BIM畢業設計創新大賽三等獎) – Third Prize (4 awardees), Excellence Award (4 awardees)
National	National 3D Digital Innovation Design Competition 2021 (2021年全國三維數字化創新設計大賽) – Group Second Prize (1 award)
Provincial	The 17th Sichuan College Students Computer Works Competition 2022 (第十七屆四川省大學生計算機作品賽(2022)) – Grand Prize (1 awardee)
Provincial	The 13th Lanqiao Cup National Software and Information Technology Professional Talent Competition – Inner Mongolia Area (第十三屆藍橋杯全國軟件和信息技術專業人才大賽內蒙古賽區) – First Prize (2 awardees), Second Prize (7 awardees), Third Prize (13 awardees)
Provincial	Jiangxi Provincial College Students' Science and Technology Innovation and Vocational Skills Competition 2021 (2021年江西省大學生科技創新與職業技能競賽) – First Prize (2 awardees), Second Prize (7 awardees), Third Prize (5 awardees)
Provincial	The 15th China Creative Challenges Contest (中國好創意暨全國數字藝術設計大賽) – First Prize (1 awardee), Second Prize (3 awardees) and Third Prize (14 awardees)
Provincial	The 8th "Oriental Fortune Cup" National College Student Financial Challenge (第八屆"東方財富杯"全國大學生金融挑戰賽) – First Prize (4 awardees), Second Prize (5 awardees) and Third Prize (4 awardees)
Provincial	The 9th "Xuechuang Cup" National College Students Entrepreneurship Comprehensive Simulation Competition (第九屆"學創杯"全國大學生創業綜合模擬大賽) – First Prize (2 awardees), Second Prize (4 awardees)
Provincial	The 13th Chinese Mathematics Competitions(第十三屆全國大學生數學競賽) – First Prize (1 awardee), Second Prize (21 awardees)

Community's Satisfaction

Hope Education regards social satisfaction and teacher and student's satisfaction as an important criterion for the Group's business operation and development. By adhering to the educational philosophy of "Four Satisfactions", the Group improves various operation and teaching work with a focus on implementing normalization of theoretical learning, building research and training platforms and promoting the construction of core members of students affairs team, advancing the progress of labour education and continuously promoting employment of graduates, to adapt to the new direction of social development, improve the comprehensive governance level, build a good reputation in the society and establish a brand image.

Hope Education always sticks to breakthroughs and innovations, complements each other and takes social satisfaction as a key indicator to promote the development of the Group. The Group listens extensively to feedback and voices of students and parents. In a communication principle of "multi-pronged progress, prompt communication, complementary information and efficiency first", the Group broadens the online and offline information feedback channels such as Weibo, WeChat or giving direct feedback to the president to improve the level of opinion collection on an on-going basis. The Group follows a rapid problem handling mechanism to ensure quick response to questions raised by students and parents. After problems are located and distributed to responsible units, the Group will also track them continuously, communicate with the relevant units regarding the problems raised by students and their parents, review results for problem handling, and follow up the satisfaction of students and their parents with such results.

Figure of Opinion processing mechanism of Hope Education

Administrative Logistic Support

To pursue the educational philosophy of "gratefulness · optimism · rigor · responsibility" and create a safe, healthy and warm working and learning environment, the Group has formulated the Logistics Management Measures (《後勤管理辦法》), and established the relevant management structure and guidelines on issues such as food safety, campus safety, fire safety and medical safety as well as a safety and health management system covering all teachers and students to identify potential safety hazards in campus, cultivate teachers and students' safety awareness, and ensure the ability to respond to emergencies. During the Reporting Period, the Group has no major campus safety incidents.

Strengthening the Pandemic Prevention

To guarantee the safety of employees under the normalized conditions of COVID-19 prevention and control, the Group attaches great importance to the epidemic prevention and control and applies the prevention and control requirements to all teachers and students to require various schools to strictly follow the local COVID-19 prevention and control deployment, set up a leading group for epidemic prevention and control, formulate work systems and mechanisms for epidemic prevention and control, control key steps in epidemic prevention and control, implement the responsibility system for epidemic prevention and control, thereby ensuring the health of teachers and students and campus safety, as well as an orderly learning and working environment.

During the reporting period, each school sets up a leading group for epidemic prevention and control led by school leaders, formulates prevention and control measures and methods based on the actual situation of the epidemic, and organizes centralized vaccination and epidemic prevention and control exercises in school to reduce the risk of epidemic prevention and control in future. Journey investigation, health screening and other measures are held for key time such as before the beginning of school, holidays and festivals, and control measures are taken in strict accordance with epidemic prevention requirements and in cooperation with local disease control departments to ensure accurate and timely response to emergencies caused by the epidemic.

Safeguarding Food Safety

The Group pays great attention to food safety risk management, and sorts out a series of management system with complete processes in accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), the Implementation Regulation on Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), Administrative Measures for the Licensing of Catering Services (《餐飲服務許可管理辦法》), the Measures for Supervision and Administration of Food Safety in Catering Services (《餐飲服務食品安全監督管理辦法》), the Code of Practice for Food Safety in Catering Services (《餐飲服務食品安全操作規範》), the Guidelines for Canteen Safety of Higher Education Institutions (《普通高等學院食堂安全工作指南》and other regulations.

During the Reporting Period, the Group holds regular meetings to study and deploy food safety management, promotes the construction of open kitchens in canteens, controls the whole supply channel covering raw materials, tableware and employees, and organizes normalized and regular supervision and inspection over food safety and employees' health, requires certificates and invoices for all raw materials and food products, and retains meal samples, and upon any problems identified, rectification tasks will be assigned in a timely manner and followed up for implementation. Furthermore, we disseminate scientific and legal knowledge on food safety to all teachers and students, further facilitating potential food safety risks in schools to be investigated and eliminated in a timely manner.

Ensuring Campus Safety

To strengthen the construction of safety capacity and create a safe and harmonious campus, the Group establishes a special leadership group for safety work, formulates various safety work systems, and refines specific plans and emergency contingency plans, sets up safety devices at campus, enhances the safety awareness of all teachers and students and improve the ability to respond to emergencies, thereby eliminating hidden dangers before they occur.

Strengthening Fire Safety Guarantee

To fully implement various fire safety measures, the Group strictly requests each school to formulate 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》) that suit their own situation according to national laws and regulations including the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》) and Provisions on the Administration of Fire Safety at Higher Academic Institutions (《高等學校消防安全管理規定》), to establish and implement the responsibility system on fire control safety level by level and specifying the fire control safety responsibilities of all levels and positions. The Group urges each school to equip fire-fighting facilities and devices in line with national and industrial standards, maintain and test such facilities and devices as required, regularly organize and hold fire prevention, rectify any potential accidents identified in a timely manner, standardize fire safety signs, enhance safety and hygiene education for teachers and students in school, and hold fire and earthquake prevention safety drills and fire extinguishing drills, effectively protecting the lives of teachers and students.

Providing Medical and Health Support

Hope Education cares about the health of all employees, teachers and students and requires each college to establish and complement the College Public Health Emergency Contingency Plan (《學院突發公共衛生事件應急預案》), the College Infectious Disease Prevention and Control Plan (《學院預防與控制傳染病預案》) and the College Food Poisoning Emergency Contingency Plan (《院校食品中毒應急預案》) in accordance with Emergency Response Measures of the People's Republic of China (《中華人民共和國突發事件應對辦法》), the Regulation on the Urgent Handling of Public Health Emergencies (《突發公共衛生事件應急條例》) and other national regulations as well as the Occupational Health and Safety Management Systems-Requirements with Guidance for Use (《職業健康安全管理體系要求及使用指南》) (GB/T 45001-2020). The Group sets up an infirmary with professional medical personnel for all teachers and students, controls the procurement and supply of drugs and medical equipment throughout the cycle to be stored and used in strict accordance with national and industry regulations. In addition, the Group provides employees with regular physical examinations, health seminars and other safeguard measures to promote a healthy life among employees.

Attaching Importance to the Healthy Growth of Students

The Group attaches importance to students' physical and mental health and safety and takes various measures to ensure the growth of students. We have established health files for students to accurately understand students' health information with a focus on key students, held first-aid knowledge lectures, and established a student emergency response plan. Each school plans and builds an education center on students' mental health to meet students' multi-dimensional psychological needs and care for their mental health through various forms such as special training on psychological health education, psychological counseling services and setting up cathartic or relaxing devices. During the Reporting Period, we organizes various safety education and safety drills for students, covering frequently occurred campus safety issues such as prevention of Internet fraud, prevention of campus bullying, anti-drugs, anti-pyramid selling, AIDS prevention and treatment, effectively improving students' awareness of prevention and eliminating hidden dangers before they occur.

Student Employment

The impact of the pandemic on employment has been lasting. There are still uncertainties in demand in employment market and a decline in the capacity of some small and medium-sized enterprises to expand and absorb employment. Also, the sporadic outbreak of the epidemic has adversely affected campus recruitment activities. Based on the current situation, the Group has formulated the Administrative Measures for Employment (《就業管理辦法》) in accordance with the Law for Promoting Private Education (《民辦教育促進法》), the Service Guide on Employment and Entrepreneurship Policy for College Graduates (《高校畢業生就業創業政策服務指南》) and the proactive policies of various regions in stabilizing employment, to strengthen positive guidance to students' view of employment, provide employment service guidance through online and offline linkage with public employment and talent service agencies of all levels, offer employment security information services, hold practical skills training, build an innovation and entrepreneurship platform, and provide targeted assistance to graduates with diversified employment needs, enabling graduates to have capabilities for employment and opportunities for entrepreneurship.

To effectively promote the recommendation for employment of graduates, some schools set up employment guidance courses, explore prospective cooperative enterprises in multiple industries, organize students to participate in social practice and off-campus work-study program, organize special recruitment fairs, assist graduates with employment, and help graduates with employment difficulties apply for job and entrepreneurship subsidies during the Reporting Period. By establishing a regular evaluation and feedback mechanism, the Group urges various schools to actively promote their employment and entrepreneurship, effectively supporting graduates in their employment and personal development.

SOCIAL RESPONSIBILITY

Staff Development

Protection of Staff's Interests

Protection of staff's interests is the most basic and important personnel task to maintain the normal operation of all units under the Group. Hope Education has formulated internal regulations such as the Administrative Measures on Labor and Labor Contracts and Social Insurance (《勞動和勞動合同和社會保險管理辦法》), the Administrative Measures on Employee Recruitment (《員工招聘管理辦法》), the Headquarters Administrative Measures on Remuneration (《總部薪酬管理辦法》) and the Staff Welfare System (《員工福利制度》) to provide institutional guarantee for employees' basic rights in compliance with the laws and regulations including the Labor Law of the PRC《(中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Regulation on Work Injury Insurance (《 工傷保險條例》).

During the process of recruitment and employment, the Group guides the formulation of recruitment plans, recruitment strategies and skills, supervises and urges schools to introduce talents through various channels and measures, not only to meet the needs for talents in education, teaching, management and operations and guarantee a more reasonable student teacher ratio, but also to ensure that the recruitment process is strictly supervised and examined to prohibit the use of child labor and forced labor as well as discrimination and destructive competition in any form. In case of any occurrence, the Group shall timely handle such acts according to the relevant rules. During the Reporting Period, the staff labour contract signing rate was 100%.

In regard to remuneration and welfare, the Group strives to build a remuneration and benefits system to the satisfaction of its employees. Each school implements the reform on remuneration systems, and issued the Salary Reform Plan (《薪酬改革方案》) and the Employee Salary Adjustment Measures (《員工薪資調整辦法》) by making flexible use of the function of remuneration as a lever. Under the unified basic remuneration system model, remuneration systems of various schools are flexibly adjusted, taking into account their individual characteristics, as well as post, education background, professional title and teaching age, which has greatly improved the satisfaction of faculty members.

In addition, the Group supports certain schools in their application and disbursement of food allowance, welfare for Teacher's Day, Mid-Autumn Festival and National Day, team building fee, heating fee and other welfare expenses for all faculty members in accordance with the local social insurance premium payment policy and the actual welfare distribution policy, holds annual health check for all faculty members, flexibly purchase accidental injury insurance for faculty members, raises provident fund payment base for faculty members according to the housing provident fund payment plan of each school, and formulates remuneration policies for rural revitalization to provide salary and welfare security and purchase accident insurance for cadres stationed at village. During the Reporting Period, the staff social security coverage was 100%. In the past three years, the Group had no work-related employee fatality incidents.

As of the end of the Reporting Period, the Group had a total of 12,660 employees. Among which, female employees accounted for 62.61%; employees aged 30 or below accounted for 48.45%, employees aged 30-50 accounted for 44.14%, and employees aged 50 or above accounted for 7.41%. During the Reporting Period, in strict compliance with relevant national and local laws and regulations, the Group did not have any labor dispute litigation.

Unimpeded Development Channels

Hope Education always attaches importance to the career development of employees and teachers. By developing and refining the Administrative Measures on Performance Incentives and Assessment of School Operations (《院校業務工作激勵考核管理方法》), the Group formulates and complies with the management measures for selection and appointment of cadres to mobilize the enthusiasm of employees for work, which has standardized personnel appointment and removal by combining appointment and dismissal with investigations to adjust the remuneration at the Group's headquarters and schools after investigations, aiming to tap full potential of talents and match posts to capabilities. Employees selected through investigations have strong comprehensive abilities, high credibility and universal recognition, who can also serve as a role model for other employees, promote healthy competition and enhance teamwork ability. In the course of investigation, suggestions collected and sorted out are also handled and fed back to effectively solve the problems, further improving satisfaction, cohesion and sense of belonging of employees.

Enhancement of Teacher's Ability

The Group attaches great importance to training. To stabilize teaching team and improve its teaching ability and teaching level, the Group has established a teacher training office to be responsible for organization and management of teacher training, formulated internal management systems and constitutional documents such as the Implementing Measures on Standardized Training Program (《規範化培訓工作的實施辦法》), the Training System of Teacher Posts (《教師崗位培訓制度》) and the Guidance on Strengthening the Building of Teaching Team of Higher Education Institutions within the Group (《關於加強旗下高等院校師資隊伍建設的指導意見》), set up a training course system comprising a total of 20 subjects in the themes of Group culture, Group management mode, rules and regulations, management's service consciousness, norms of documents and meetings, and formulated a plan for construction of internal training lecturer team of the Group to realize the sharing of internal resources within the Group. With the support of the Group, each school promotes teachers' teaching abilities through curriculum construction such as adjusting class capacity, encouraging teachers to teach new courses, using spare time to teaching research and teaching reforms and other measures in light of its actual situation, organizes various training and learning to broaden teachers' visions as well as various competitions on teaching skills to promote teaching, emphasizes on teacher assessment to promote promotion, and enhances teachers' scientific research and teaching thinking skills through practice and learning.

As of the end of the Reporting Period, a total of 12,660 employees of Hope Education participated in training, with a total training time of 326,731.7 hours.

Care for Staff

Hope Education adheres to the Group's culture, striving to make employees feel warm at work, and formulates and improved the Staff Welfare System for the Headquarters and Subsidiaries of the Hope Education Group (《希望教育集團總部及所屬公司員工福利制度》 and a series of management measures to care about employees, and constantly innovates work ideas and methods to enhance employees' senses of gain, happiness and security. The Group specifies various benefits to which employees are entitled in respect of social insurance, provident funds, holidays, free meals, birthday/wedding, festivals, condolences, medical and accident insurance and establishes an employee database for timely management of employees' demands on salary and career development to improve satisfaction. Various schools organize technical and ideological training for employees systematically, and take various measures to create a comfortable work environment for teachers and students; carry out humanistic care activities such as employee induction commemorative and employee birthday blessings for existing employees, and carry out point-to-point condolences to resigned employees through SMSs. In addition to work, the Group supports schools to carry out various cultural and sports activities to enrich the lives of employees and their families.

Community Support

Provision of Volunteer Support

Hope Education will integrate social responsibility into the whole process of the Group's development and give back to the society through its own actions. The Group actively integrates advantageous resources and develops positive interactions with industry partners to contribute to the overall promotion of education. The teachers and students of all schools actively carry forward the spirit of volunteerism, and lively integrate social practice with public welfare and charity, and contribute hope and love to the regions and groups in need.

During the Reporting Period, in order to continuously promote rural vitalization, the Group and its colleges donated a total of RMB1,716,000 for charity, and successively carried out activities under the themes of rural vitalization including "Special Action on National Poverty Alleviation Day", "Development of Education for Rural Vitalization" and "Promoting the Spirit of Labor to Facilitate Rural Vitalization", and also raised funds and collected supplies for teachers and students in poverty-stricken areas, or providing other voluntary services to those areas.

Case: Rural Vitalization Research Institute of Guizhou Qiannan Economic College

On 15 March 2022, Guizhou Qiannan Economic College (formerly known as Business College of Guizhou University of Finance and Economics) held a ceremony for the establishment of the Rural Vitalization Research Institute and the launching of grassroots service activities. The college mobilizes grassroots teachers to actively participate in the rural vitalization work and make greater contributions under the rural vitalization strategy. Combining the advantages of the college, the Institute focuses on promoting rural vitalization in terms of rural governance, education, culture, talents and industries, and serving the local ethnic economy in seven aspects, including rural vitalization research, rural vitalization lectures, guidance for rural students, and rural vitalization training.

In April, 16 grassroots teacher representatives from the Rural Vitalization Research Institute went to Madao Village and Yangmao Village, Baijin Town, Huishui County, Qiannan Prefecture, Guizhou Province to assist local village committees in publicity and education-related work on epidemic prevention and control, fire prevention and electricity safety, and forest fire prevention, and visited and collected statistical data on special populations of the elderly, the weak, the sick and the disabled.

We will continue to leverage on the strengths of the Rural Vitalization Research Institute and spare no effort to facilitate rural vitalization services and make greater contributions to the rural vitalization strategy.

Photos: Rural Vitalization Series Activities of Guizhou Qiannan Economic College

Case: Hope Education's students go to the countryside

In June 2022, Jinken College of Technology continued to organize the "Go to the countryside" summer social practice activities of science, technology, culture and sanitation, with each team went to the frontline places such as rural areas, communities, youth homes, and 4:30 classrooms to carry out volunteer work including ecological environmental protection, tutoring and serving the masses, actively practicing the dedication spirit of young people in the new era.

In July 2022, the service group of "Care from the College, Inspirational Action, Chinese Dream" summer social practice activity of Guizhou Qiannan College of Science and Technology went to Gangdu Primary School in Gangdu Village, Gangdu Town, Huishui County to carry out volunteer teaching service activities. The activity lasted for 12 days and offered 7 interest classes in English, dance, sports, calligraphy, handicraft, painting and vocal music. There were 48 teacher and student volunteers participated in the teaching activities. The Youth League Committee of Guizhou Qiannan College of Science and Technology (formerly known as "College of Science and Technology of Guizhou University") was honored as the Outstanding Unit of "Go to the Countryside" Social Practice in the Year of 2022 by the Youth Development Department of the Central Committee of the Communist Youth League.

Photo: "Go to the Countryside" summer social practice activities of science, technology, culture and sanitation of Jinken College of Technology

Photo: "Go to the Countryside" summer social practice activities of science, technology, culture and sanitation of Guizhou Qiannan College of Science and Technology

In addition, the student volunteers of Hope Education also participated in a number of public welfare activities such as ecological environmental protection, epidemic prevention and control, and blood donation, promoting the spirit of volunteerism of "dedication, friendship, mutual assistance and progress". Five colleges of Hope Group, including Southwest Jiaotong University Hope College, Tianyi College and Automotive College, were awarded the title of 2021 Advanced School Unit of Sichuan Province for Free Blood Donation.

Promoting Cultural Integration

Hope Education upholds the sense of mission and responsibility of the education industry, deeply explores the treasures of traditional culture, and inherits and promotes the excellent traditional culture of China. In the education practice, the Group combines traditional Chinese culture, local culture and teaching activities, and carries out a number of education popularization works to help teachers and students to understand the beauty of traditional Chinese culture.

- Chinese Culture Promotion Event Featuring Hanfu Demonstration of Hope College
- "Depiction of our Times, Showcase of National Splendor" Origami Contest of Business College
- "Charming Ancient Elegance" Make-up Contest of Shanxi Jinci College
- "Our Gratitude to the College" Calligraphy Exhibition of College of Science and Technology
- The Chinese Medicine Culture Festival and Voluntary Medical Consultation of Sichuan Tianyi College
- "Appreciating Charm and Beauty of Chinese Ethnicity" Grateful Season Ancient Chinese-themed Catwalk of Sichuan College of Communication
- "Cherishing Gratefulness and Never Giving Up" Free Spring Couplets Offer of Suzhou Top Institute

Activities organized in schools under Hope Education to promote traditional culture

Hope Education attaches great importance to spiritual civilization education and the joint development of professional knowledge and moral education. As special brand events of the Group, the Grateful Season activities has always played a positive role and achieved good results in cultivating students' moral quality with its extensive influence.

- The "Path of Gratitude, Power of Hope" Photo Contest of College and Science and Technology
- The "Chinese Dream, Affection for Chinese Characters" Chinese Characters Dictation Competition
- The "Switching Roles" Grateful Season Activity
- "Touching and Gratitude" Three-line Love Letter Writing Activity

Grateful Season activities of Hope Education

Supply Management

Hope Education regards supply chain management as an important part of the Group's ESG management and pays special attention to it. The Group has formulated relevant systems including the Management System for Procurement Contracts《(採購合同管理制度》), the Management System for Procurement Bidding《(採購招標管理制度》), the Supplier Management System《(供應商管理制度》) and the Implementation Rules for Procurement of the Group《(集團採購實施細則》) to optimize the construction of the management system and further improve the standardization and perfection of supplier management, to build a good supply-demand cooperation relationship with the supplier partners.

Hope Education builds a long-term management mechanism covering bidding, supplier access, supplier management and supplier removal, strengthens the supervision of bidding and procurement, and strengthens the professional training of procurement personnel to ensure the reliability and safety of supply in multiple dimensions. For implementing the Group's procurement work, the Group has established a working group on tender matters with the person-in-charge of the procurement management department as the team leader, and the relevant persons-in-charge and technical personnel of the procurement management department, the audit department, the legal department, and the relevant units with procurement needs as the team members. The Group has established a supplier qualification review team to control the management of supplier access, strictly review the operation status, commercial reputation, product quality and other information of the bidders, and conduct on-site inspections when necessary to ensure that the merchants included in the supplier list meet the cooperation standards. The Group stipulates that the access of suppliers shall be subject to a validity period of one year. Existing suppliers shall be inspected at the end of December each year, and the qualification for supply in the next year will be obtained after passing the inspection. Otherwise, the contract will be terminated, and the access qualification will be cancelled.

In regard to suppliers that we are cooperating with, the Group carries out quarterly assessments using a 100-point rating scale, and establishes a grading system pursuant to the results of the rating. The Group will increase the proportion of procurement from high-rated suppliers, and provide rectification suggestions and requirements for middle-rated suppliers, and eliminated low-rated suppliers which will also be added to the Table of Disregarded Businesses (《不引進商家表》). In addition, Hope Education will blacklist suppliers which involve commercial bribery, false bids and other dishonest conducts, and have caused significant losses to the Company or violated national laws, so as to further improve the quality of supply and procurement.

In 2022, the Group has a total of 1,059 suppliers, including 1,058 suppliers from Mainland China, 1 supplier from Hong Kong, Macau and Taiwan.

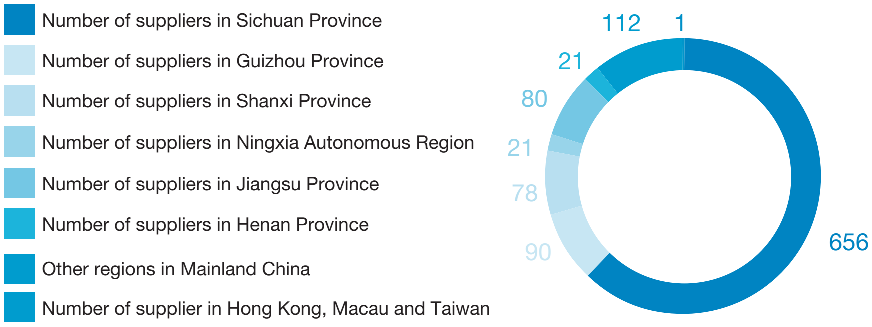


Figure of Number of Hope Education's Supplier by Region in 2022

ENVIRONMENTAL RESPONSIBILITY

In the context of global climate change, Hope Education actively assumes environmental responsibility, unswervingly promotes and practices the path of ecological priority and green development, continues to promote energy conservation and emission reduction, actively identifies and manages climate change risks, and emphasizes environmental protection and energy conservation in campus management.

Energy Saving

Colleges are the major energy users of Hope Education, as well as an important base for disseminating new energy-saving concepts and creating new energy-saving technologies. In order to comprehensively promote campus energy conservation and emission reduction and the construction of energy-saving campus, based on actual condition, the Group has formulated the efficient and reasonable Management Measures on Fixed Assets《(固定資產管理辦法)》, which sets out provisions for material application, transfer of new assets, continuous management of assets, checking of inventory, maintenance of assets and disposal of scrapped assets, to avoid energy waste. In respect of consumables management, the Group requires all colleges to centralize their procurement on a regular basis and updates the List of Inventory of Low-value Consumables (《低值易耗品庫存盤點表》) on a weekly basis.

In addition, the Group has issued the following initiatives to schools:

Saving electricity

In addition to adjusting the time of electricity consumption and avoiding the transmission congestion and waste of electricity in the campus, we should try our best to choose high-efficiency and energy-saving products that consume less electricity, and turn off the power when not in use. For example:

1. Avoiding long-light lights and daytime lights, and increasing energy-saving lights; turning off lights in offices, classrooms, laboratories and other places when natural light is sufficient, and do not turn on the lights when there are few people, and turning off lights when leaving; installing sound-control or light-control switches in the staircase and other public area; enhancing the overall planning and technical transformation of lighting facilities in public areas such as roads, squares and green belts; and using energy-saving lamps as much as possible, and adopting green lighting;

2. Reducing the power consumption of office equipment and standby power consumption. Reasonably turning on and use electrical equipment such as computers, printers and copiers to minimize energy consumption;

Saving water

As the earth's water resources are consumed excessively and groundwater resources become less and less, our water demand can be reduced by recycling water. For example:

1. Strengthening the daily maintenance and management of water equipment, strictly avoiding any emission, dripping or leakage, and eliminating the faults in a timely manner; improving the efficiency of use and making the best use of resources; and planning water-saving renovation for the hot water rooms, bathrooms, traditional flush toilets, etc.;

2. Consciously developing a water-saving habit and turning off the faucet to prevent long-flowing water;

3. Water-saving irrigation methods such as sprinkler irrigation and drip irrigation are adopted for campus greening;

4. Strengthening the supervision of water consumption of school infrastructure construction to reduce waste and environmental pollution caused by wastewater discharge;

Saving consumables

To increase revenue and reduce expenditure, we will efficiently recycle and reuse daily consumables, so as to make the best use of resources and avoid waste.

1. In the schools, the copying, printing and other office papers are strictly managed by designated personnel. The paper materials and daily documents transmitted within the school are printed on both sides of paper. We will accelerate the construction of campus network and actively promote work online through campus network, so that the documents and materials on campus shall be submitted through the campus network as much as possible, in promoting paperless office;

2. Strictly purchasing, managing and using consumables such as office supplies, chemicals, reagents and laboratory materials to avoid disorder.

3. Strengthening the scientific management of various projects to reduce material loss.

Comprehensive utilization of resources

Adopting recycling, resource sharing and other methods to improve the comprehensive utilization efficiency of resources throughout the cycle.

1. Strengthening resource sharing through scientific management, deployment of laboratories and modern teaching equipment, improving the intact rate and utilization rate of equipment, and building a resource management system open to all teachers and students;

2. Resource recycling. Advocating the rejection of disposable items (including disposable lunch boxes, chopsticks, etc.), making efforts to resist plastic bags, and taking public transportation as much as possible, to influence the people around us by actions and words.

Emission Reduction

Reducing emissions is an important step towards China's double carbon goals. The Group continuously improves the Logistics Management System (《後勤管理制度》) to gradually standardize the management of wastewater, exhaust gas and solid wastes. In the education service industry where the Group operates, the main environmental pollutions are from energy, water resource, office resource consumption, life wastes and three wastes (exhaust gas, wastewater and solid waste) discharge from canteen. Exhaust gas produced mainly refers to cooking fumes generated from canteens, wastewater is principally domestic sewage, while solid is mainly domestic garbage. Discharge of all pollutants satisfies required standards.

During the Reporting Period, the Group strengthened the management of reagents and consumables, carried out the recycling and utilization of wastes, strictly implemented the waste recycling management regulations, and strengthened the supervision and inspection on the management and use of hazardous chemicals, radioactive elements and other toxic and hazardous materials, to reduce environmental pollution caused by waste. Both domestic waste and hazardous waste were disposed of by qualified third parties. For kitchen wastes, Oil and water transmitters were installed in canteens of each college. Kitchen food wastes are collected, transported and disposed of by qualified third parties.

Responding to Climate Change

Climate change is a common challenge for all mankind. Today, actively responding to climate change has become a consensus of mankind, and the green and low-carbon transformation has become a global action. Hope Education, as an important participant in society, will proactively identify and manage significant climate change risks and opportunities, and contribute to the world. Schools are the main body of Hope Education and the main place for carrying out education work. They are also important participants, contributors and promoters to achieve the goal of double carbon and green development, and are important carriers and channels for spreading ecological civilization. The Group called on all colleges to carry out relevant publicity and training to guide and assist all teachers, students and staff to establish awareness and understanding of climate change and the double carbon goal, and explore different concepts and practical methods to cope with climate change.

APPENDIX I: TABLE OF KEY DATA FOR 2022

Index	Unit	Data for 2022
	A Environmental	
A1 Emissions		
A1.2 Total greenhouse gas emissions and intensity		
Total greenhouse gas emissions[1]	Tonne of CO2 equivalent	50,043.57
Intensity of greenhouse gas emissions	Tonne of CO2 equivalent per RMB1 million of revenue	16.45
Direct greenhouse gas emissions (Scope 1)	Tonne of CO2 equivalent	3,716.00
Indirect greenhouse gas emissions (Scope 2)	Tonne of CO2 equivalent	46,327.57
A1.3 Hazardous waste produced		
Total amount of hazardous waste	Tonne	3.72
Intensity of hazardous waste	Tonne per RMB1 million of revenue	0.001222
Abandoned lighting tubes	Piece	6,467.00
Used printer toner cartridge	Piece	594.00
Used batteries	Piece	5,105.00
Scrapped ink cartridges	Piece	512.00
Hazardous waste from laboratories	Tonne	171.72
Others	Tonne	0
Recycled ink cartridges	Piece	209.00
Total amount of non-hazardous waste	Tonne	51,638.25
Intensity of non-hazardous waste	Tonne per RMB1 million of revenue	16.97
Kitchen garbage	Tonne	18,293.07
Domestic garbage	Tonne	33,287.00
Office paper	Tonne	58.18
A2 Use of Resources		
A2.1 Total energy consumption and intensity		
Total energy consumption[2]	Tonne of standard coal consumption	12,085.53
Density of energy consumption	Tonne standard coal consumption per RMB1 million of revenue	3.97
Electricity consumption	kWh	79,737,637.36
Pipeline gas	m3	1,718,628.47
A2.2 Water consumption and intensity		
Office and domestic water consumption	Tonne	4,102,414.11
Intensity of water consumption	Tonne per RMB1 million of revenue	1,348.28

Note 1: The calculation of direct greenhouse gas emissions (Scope 1) is based on the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for 24 Industries in China (《中國24個行業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission of the State Council, and is calculated based on the main types of energy consumption in operations, i.e. the consumption of pipeline gas; the calculation of indirect greenhouse gas emissions (Scope 2) is based on the Notice on the Key Work Related to the Management of Enterprise Greenhouse Gas Emissions Reporting in 2022 (《關於做好2022年企業溫室氣體排放報告管理相關重點工作的通知》), which is derived from the conversion of purchased electricity;

Note 2: The calculation of total energy consumption is based on GBT2589-2020 General Principles of Comprehensive Energy Consumption Calculation (《GBT2589-2020綜合能耗計算通則》).

Index	Unit	Data for 2022
	B Social	
B1 Employment		
B1.1 Total workforce by gender, employment type, age group and geographical region		
Total workforce	Person	12,660
By gender		
Male	Person	4,733
Female	Person	7,927
By age group		
Below 30 years old	Person	6,134
30-50 years old	Person	5,589
Over 50 years old	Person	937
By geographical region		
Mainland China	Person	12,659
Hong Kong, Macau and Taiwan	Person	1
Overseas	Person	0
B2 Health and Safety		
B2.1 Number of work-related fatalities		
Work-related deaths in the past three years	Person	0
Number of work-related fatalities		
Number of work-related injuries	Case	6
Total days lost due to work injury	Day	98
Other		
Staff medical examination coverage	%	100
B3 Development and Training		
B3.1 Number of employees trained by gender and employee category		
Total number of employees trained	Person	12,660
By gender		
Male	Person	4,733
Female	Person	7,927
B3.2 The average training hours completed per employee by gender and employee category		
The average training hours completed per employee		
Average training hours of all employees	Hour	25.81
By gender		
Average training hours of male employees	Hour	25.52
Average training hours of female employees	Hour	25.98

Index	Unit	Data for 2022
B5 Supply Chain Management		
B5.1 Number of suppliers by geographical region		
Total number of suppliers	Company	1,059
In Sichuan Province	Company	656
Guizhou Province	Company	90
Shanxi Province	Company	78
Ningxia Autonomous Region	Company	21
Jiangsu Province	Company	80
Henan Province	Company	21
Other regions in Mainland China	Company	112
Hong Kong, Macau and Taiwan	Company	1
B7 Anti-corruption		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period		
Number of instituted or concluded legal cases regarding corrupt practices	Case	0
B8 Community Investment		
B8.2 Resources contributed to the focus area		
Contribution of fund	RMB	1,716,000

APPENDIX II: ESG INDEX

ESG KPI	Guide Requirements	Report Section/Statement
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.	Environmental Responsibility
	A1.1 The types of emissions and respective emissions data.	Environmental Responsibility – Emission Reduction 2022 Main Data List
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility – Emission Reduction 2022 Main Data List
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility – Emission Reduction 2022 Main Data List
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility – Emission Reduction 2022 Main Data List
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmental Responsibility – Emission Reduction
	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.	Environmental Responsibility – Emission Reduction
A2：Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Responsibility – Energy Saving
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility – Energy Saving 2022 Main Data List
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility – Energy Saving 2022 Main Data List
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Responsibility – Energy Saving

ESG KPI	Guide Requirements	Report Section/Statement
	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.	Environmental Responsibility – Energy Saving No issue in sourcing water that is fit for purpose
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. The Group does not use any product packaging materials during operation.
A3：The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.
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.	Environmental Responsibility-Response to Climate Change
	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.	Environmental Responsibility – Response to Climate Change
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.	Social Responsibility – Staff Development
	B1.1 Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Social Responsibility – Staff Development 2022 Main Data List
	B1.2 Employee turnover rate by gender, age group and geographical region.	Social Responsibility – Staff Development 2022 Main Data List

ESG KPI	Guide Requirements	Report Section/Statement
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.	Educational Responsibility – Administrative Logistic Support Social Responsibility – Staff Development
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	2022 Main Data List Social Responsibility – Staff Development
	B2.2 Lost days due to work injury.	2022 Main Data List
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Educational Responsibility – Administrative Logistic Support Social Responsibility – Staff Development
B3：Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Responsibility – Staff Development
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Responsibility – Staff Development 2022 Main Data List
	B3.2 The average training hours completed per employee by gender and employee category.	Social Responsibility – Staff Development 2022 Main Data List
B4：Labour 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 labour.	Social Responsibility – Staff Development
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Social Responsibility – Staff Development
	B4.2 Description of steps taken to eliminate such practices when discovered.	Social Responsibility – Staff Development

ESG KPI	Guide Requirements	Report Section/Statement
B5：Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Social Responsibility – Supply Management
	B5.1 Number of suppliers by geographical region.	Social Responsibility – Supply Management 2022 Main Data List
	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.	Social Responsibility – Supply Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Responsibility – Supply Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Responsibility – Supply Management
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.	Educational Responsibility – Enhancing Education Quality
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. The Group does not involve recalls for safety and health reasons during operation.
	B6.2 Number of products and service related complaints received and how they are dealt with.	Operational Responsibility-Privacy Protection for Students and Parents
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Operational Responsibility – Intellectual Property Protection
	B6.4 Description of quality assurance process and recall procedures.	Not applicable. The Group does not involve product quality inspection and recall during operation.
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Responsibility – Privacy Protection for Students and Parents

ESG KPI	Guide Requirements	Report Section/Statement
B7：Anti-corruption	General Disclosure Regarding the prevention of bribery, extortion, fraud and money laundering: (a) policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operational Responsibility – Anti-corruption
	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.	Operational Responsibility – Anti-corruption 2022 Main Data List
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operational Responsibility – Anti-corruption
	B7.3 Description of anti-corruption training provided to directors and staff.	Operational Responsibility – Anti-corruption
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.	Social Responsibility – Community Support
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility – Community Support
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Social Responsibility – Community Support 2022 Main Data List

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Hope Education Group Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hope Education Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 258, which comprise the consolidated statement of financial position as at 31 August 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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") issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Acquisitions of businesses	
During the year ended 31 August 2022, the Group completed two acquisitions and recognised goodwill and a gain on bargain purchase of approximately RMB736 million and RMB3 million, respectively. Both acquisitions were accounted for using the acquisition method of accounting where the Group performed purchase price allocation exercises as disclosed in note 33 to the financial statements. The Group engaged an independent external valuer with relevant qualifications to perform valuation on the fair values of the identifiable assets acquired and the fair values of the liabilities assumed as at the acquisition dates of the businesses acquired. The accounting for business combinations involved the use of significant management judgements and estimates for identifying a business combination, determining the acquisition date, measuring identifiable assets acquired and liabilities assumed at fair value, recognising and the allocation of intangible assets and goodwill. The Group's disclosures about the above-mentioned acquisitions of businesses are included in note 2.4, note 3 and note 33 to the financial statements.	We performed the following procedures in our audit for this matter: • Examined the supporting documents including the share transfer agreements, amended articles of association, the board resolutions, the related documents about changes of directors and transfer of control right and assets; • Tested the identification of assets and liabilities based on our understanding of the acquired businesses; • Evaluated the accounting treatment applied to the transactions; • Assessed the management judgement of the acquisition dates; • Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management in assessing the purchase price allocation; • Involved our internal valuation specialists to evaluate the methodologies and key valuation parameters adopted in determining fair values of identifiable assets acquired and liabilities assumed; and • Evaluated the accuracy of the financial statement disclosures.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Preferential tax treatment	
As set out in note 10 to the financial statements, pursuant to the 2016 Decision (as defined in note 10 to the financial statements), private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the 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. Pursuant to the 2016 Decision and the 2021 Implementation Rules (as defined in note 10 to the financial statements), a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school. As at the date of this report, the Group's schools in the People's Republic of China (the "PRC Schools") are in the process of classification registrations and remain as private non-enterprise units. In accordance with the historical tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's comments on the preferential tax treatments for the current year, the PRC Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments during the year ended of 31 August 2022.	The audit procedures included the following: • Discussed with management to evaluate their interpretation of the tax laws and their assessment of the tax obligations of the schools operated by the Group for the current year; • Evaluated management's assessment on the application of the preferential tax or applicable tax rate to the respective schools; • Examined the historical tax filing returns filed to the relevant tax authorities and the tax compliance confirmations obtained therefrom, where appropriate; • Discussed with the Group's external PRC legal advisors to obtain an understanding of their view with respect to the interpretation of the existing applicable laws which would have an impact on the applicable tax on the respective schools; • Assessed any new policies, regulations or rules that have been introduced by the authorities, which might have an impact on the tax position taken by the Group up to the date of approval of these financial statements; • Examined the tax compliance confirmations obtained from the local tax authorities for the current year, where appropriate; and

continued/...

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Preferential tax treatment (continued)	
Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of formal educational services, if they do not enjoy any preferential tax treatment. As such, a significant impact on the Group's profit and loss may arise. There were significant judgements involved in management's analysis and assessment, such as the assessment on the possible outcome of the tax provision based on historical experiences and interpretation of the relevant tax laws and regulations in respect of the preferential tax treatments enjoyed by the PRC Schools. The Group's disclosures about the income tax are included in note 3 and note 10 to the financial statements.	The audit procedures included the following: • Involved our internal tax specialist to assist us in analysing the preferential tax treatments enjoyed by the PRC Schools and assessing the adequacy of tax provisions.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible asset with indefinite useful life	
The Group recorded significant amounts of goodwill and intangible asset with indefinite useful life of approximately RMB2,031 million and RMB148 million, respectively, as at 31 August 2022. Management has performed an annual impairment test on the recoverability of goodwill and intangible asset with indefinite useful life as required by IAS 36. No impairment charge has been recorded against goodwill and intangible asset with indefinite useful life in the current year. Certain assumptions used in the impairment review were subjective and involved significant judgements and estimates, and they included: • the future cash flow growth assumptions used in the Group's most recent budgets for the next five years approved by the board of directors, including future industry development, pricing strategies, market supply and demand, and earnings before interest and taxes ("EBIT"); • the growth rate used beyond the period covered by the budgets; and • the discount rate applied to future cash flows. The accounting estimates and disclosures related to the impairment assessment of goodwill and intangible asset with indefinite useful life are included in note 3 and note 18 to the financial statements.	The audit procedures included the following: • Evaluated management's future cash flow forecasts, including their consideration of the impact of COVID-19, and the process by which they were drawn up; • Assessed the actual performance during the year ended 31 August 2022 against the prior year budgets to evaluate historical forecasting accuracy; • Analysed the key assumptions adopted by management, such as the growth rates of the number of students, tuition and boarding fees and expenses during the forecast periods by checking the historical trend and industry index; • Performed sensitivity analyses on the forecasts; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the Group and the discount rate used by comparing it to the industry index; and • Evaluated the adequacy of the Group's disclosures regarding impairment testing of goodwill and intangible asset with indefinite useful life.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of loans to a third party	
As at 31 August 2022, the principal and interest receivables (the "Debts") with an aggregate amount of RMB595 million arising from loans to a third party ("Debtor"), which accounted for approximately 12% of the Group's total current assets, have been past due. The impairment assessment for the Debts is a complex process involving significant management's judgements including their evaluation of the Debtor's financial condition, the cashflows that the Group expects to receive from the sale or realisation of collaterals held by the Group to safeguard the Debts. The accounting estimates and disclosures related to the impairment assessment of the loans and interest receivables arising thereon are included in note 2.4, note 3, note 22 and note 39 to the financial statements.	The audit procedures included the following: • Examined the Group's assessment of the third party's financial condition and ability to repay the Debts; • Discussed with management regarding the Group's actions to safeguard the Debts; • Inspected legal agreements and supporting documentation to confirm the existence and legal right to the collateral held by the Group; • Evaluated the competence, capabilities and objectivity of the independent valuers engaged by management in assessing the fair value of the collaterals and the expected future cash flows from the collaterals; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the independent valuer in determining the fair value of the collateral and the expected future cash flows from the collaterals; and • Evaluated the adequacy of the Group's disclosures regarding the impairment assessment for the Debts and the Group's exposure to credit risk in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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 THE DIRECTORS 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 issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

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.

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

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 Lai Chee Kong.

Ernst & Young
Certified Public Accountants

Hong Kong
30 November 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**3,042,694**	2,324,272
Cost of sales		**(1,647,554)**	(1,148,304)
Gross profit		**1,395,140**	1,175,968
Other income and gains	5	**281,642**	666,527
Selling expenses		**(216,889)**	(147,205)
Administrative expenses		**(440,428)**	(332,749)
Fees for conversion of an independent college into a full private university	7	**–**	(412,300)
Other expenses		**(144,218)**	(102,079)
Finance costs	6	**(298,433)**	(298,417)
Fair value gains on convertible bonds	5	**37**	375,954
Share of profit/(losses) of:			
An associate	20	**(18,927)**	(11,163)
Joint ventures	19	**31,523**	(242,070)
PROFIT BEFORE TAX	7	**589,447**	672,466
Income tax expense	10	**(143,538)**	(67,346)
PROFIT FOR THE YEAR		**445,909**	605,120
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(14,390)**	(45,216)
Total comprehensive income for the year		**431,519**	559,904

continued/…

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Profit/(loss) attributable to:			
Owners of the Company		**444,641**	605,505
Non-controlling interests		**1,268**	(385)
		445,909	605,120
Total comprehensive income attributable to:			
Owners of the Company		**430,091**	559,611
Non-controlling interests		**1,428**	293
		431,519	559,904
Earnings per share attributable to ordinary equity holders of the Company:	12		
Basic		**RMB5.55 cents**	RMB7.96 cents
Diluted		**RMB5.53 cents**	RMB2.86 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 18)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**10,582,035**	8,425,972
Right-of-use assets	14(a)	**1,956,751**	1,405,412
Interests in land held for property development	15	**575,317**	142,592
Investment property	16	**36,536**	36,817
Goodwill	18	**2,031,266**	1,296,672
Other intangible assets	17	**1,256,070**	797,111
Investments in joint ventures	19	**529,823**	500,830
Investment in an associate	20	**–**	381,337
Prepayments, deposits and other receivables	22	**374,112**	859,390
Pledged and restricted deposits	23	**36,193**	296,083
Deferred tax assets	29	**27,271**	31,382
Contract cost assets		**7,529**	1,007
Total non-current assets		**17,412,903**	14,174,605
CURRENT ASSETS			
Trade receivables	21	**127,124**	126,106
Prepayments, deposits and other receivables	22	**1,215,857**	1,016,078
Amounts due from related parties	35(c)	**551,647**	56,629
Contract cost assets		**8,217**	2,515
Pledged and restricted deposits	23	**272,057**	161,034
Cash and cash equivalents	23	**2,725,264**	4,357,287
Total current assets		**4,900,166**	5,719,649
CURRENT LIABILITIES			
Contract liabilities	5	**1,678,466**	1,485,362
Trade payables	24	**58,579**	57,709
Other payables and accruals	25	**3,060,806**	2,814,398
Lease liabilities	14(b)	**27,197**	30,927
Deferred income	26	**75,393**	44,960
Derivative financial instruments		**–**	2,817
Interest-bearing bank and other borrowings	27	**2,560,744**	2,140,396
Amounts due to related parties	35(c)	**543,779**	199,135
Tax payable		**172,647**	128,884
Total current liabilities		**8,177,611**	6,904,588
NET CURRENT LIABILITIES	2.1	**(3,277,445)**	(1,184,939)
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,135,458**	12,989,666

continued/…

31 August 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 18)
NON-CURRENT LIABILITIES			
Other payables	25	**885,131**	619,452
Deferred income	26	**1,534,814**	1,444,189
Convertible bonds	28	**1,871,914**	1,892,889
Interest-bearing bank and other borrowings	27	**1,562,915**	970,106
Lease liabilities	14(b)	**116,306**	140,468
Deferred tax liabilities	29	**114,604**	114,173
Contract liabilities	5	**1,949**	1,562
Total non-current liabilities		**6,087,633**	5,182,839
NET ASSETS		**8,047,825**	7,806,827
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**545**	542
Reserves	32	**8,052,437**	7,813,761
		8,052,982	7,814,303
Non-controlling interests		**(5,157)**	(7,476)
Total equity		**8,047,825**	7,806,827

He Shengli
Director

Li Tao
Director

	Attributable to owners of the Company									
	Issued capital RMB'000 (note 30)	Share premium* RMB'000	Capital reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Share option reserve* RMB'000 (note 31)	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 September 2020	493	3,622,354	598,468	365,266	118,469	978,171	–	5,683,221	3,196	5,686,417
Profit for the year	–	–	–	–	–	605,505	–	605,505	(385)	605,120
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(45,894)	(45,894)	678	(45,216)
Total comprehensive income for the year	–	–	–	–	–	605,505	(45,894)	559,611	293	559,904
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	–	(10,788)	(10,788)
Placing of new shares	44	1,586,331	–	–	–	–	–	1,586,375	–	1,586,375
Share issue expenses	–	(13,607)	–	–	–	–	–	(13,607)	–	(13,607)
Issue of shares upon the exercise of share options										
– 2018 Pre-IPO Share Option Scheme	5	89,810	–	–	(25,178)	–	–	64,637	–	64,637
Transfer from retained profits	–	–	–	130,597	–	(130,597)	–	–	–	–
Liquidation of a subsidiary with non-controlling interest	–	–	–	–	–	–	–	–	(177)	(177)
Final 2020 dividend declared	–	(65,934)	–	–	–	–	–	(65,934)	–	(65,934)
At 31 August 2021 and 1 September 2021	542	5,218,954	598,468	495,863	93,291	1,453,079	(45,894)	7,814,303	(7,476)	7,806,827
Profit for the year	–	–	–	–	–	444,641	–	444,641	1,268	445,909
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(14,550)	(14,550)	160	(14,390)
Total comprehensive income for the year	–	–	–	–	–	444,641	(14,550)	430,091	1,428	431,519
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	891	891
Equity-settled share option										
– 2022 Share Option Scheme	–	–	–	–	26,890	–	–	26,890	–	26,890
Issue of shares upon the exercise of share options										
– 2018 Pre-IPO Share Option Scheme	3	57,017	–	–	(16,391)	–	–	40,629	–	40,629
Transfer from retained profits	–	–	–	86,842	–	(86,842)	–	–	–	–
Final 2021 dividend declared	–	(258,931)	–	–	–	–	–	(258,931)	–	(258,931)
At 31 August 2022	545	5,017,040	598,468	582,705	103,790	1,810,878	(60,444)	8,052,982	(5,157)	8,047,825

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**589,447**	672,466
Adjustments for:			
Depreciation of items of property, plant and equipment	13	**376,010**	255,842
Depreciation of right-of-use assets	14	**74,034**	66,519
Depreciation of land held for property development	7	**7,672**	2,430
Amortisation of contract cost assets		**9,779**	4,937
Amortisation of other intangible assets	17	**31,283**	17,043
Deferred income released to profit or loss	26	**(40,368)**	(18,299)
Interest income	5	**(65,675)**	(97,875)
Finance costs	6	**298,433**	298,417
Losses on disposal of items of property, plant and equipment, net	5,7	**462**	4,507
Gain on bargain purchase	33	**(3,197)**	–
Gain on disposal of a subsidiary		**(41,963)**	–
Losses on disposal of items of intangible assets	7	**–**	1,969
Equity-settled share option expense		**26,890**	–
Share of (profits)/losses of joint ventures		**(31,523)**	242,070
Share of loss of an associate		**18,927**	11,163
Fair value (gains)/losses, net:			
Financial assets through profit or loss	5	**–**	(2,675)
Derivative instruments			
– transactions not qualifying as hedges		**(2,817)**	2,817
Convertible bonds	28	**(37)**	(375,954)
Derecognition of cooperation arrangements assets due to conversion of independent colleges into private universities		**–**	77,183
Gain on debt concession	5	**–**	(2,000)
Reversal of impairment losses	5	**–**	(179,901)
Fair value gain on a previously held equity interest at the date of business combination		**–**	(212,199)
Impairment loss of non-current assets		**–**	4,063
Gains on lease modification		**(154)**	(214)
Covid-19-related rent concession from a lessor		**–**	(1,927)
Foreign exchange losses/(gains), net		**121,030**	(18,931)
		1,368,233	751,451

continued/···

For the year ended 31 August 2022

	2022 RMB'000	2021 RMB'000
Decrease/(increase) in prepayments, deposits and other receivables	22,447	(151,464)
Decrease/(increase) in trade receivables	308	(57,814)
Increase in contract cost assets	(21,886)	(2,277)
Decrease in amounts due from related parties	53,665	21,122
Increase in contract liabilities	20,665	864,847
Increase in trade payables	1,600	9,926
Increase in amounts due to related parties	8,390	1,550
Increase in other payables and accruals	46,734	500,308
Receipt of government grants related to expense items	14,284	10,965
Cash generated from operations	1,514,440	1,948,614
Bank interest received	14,150	19,737
Income tax paid	(119,096)	(57,442)
Net cash flows from operating activities	1,409,494	1,910,909

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,739,432)	(1,366,342)
Prepaid land lease payments		(625,086)	(471,900)
Repayment of prepaid land lease payment		43,396	–
Additions to other intangible assets		(14,016)	(15,126)
Equity investments:			
Acquisition of subsidiaries	33	(147,428)	(997,116)
Loans to acquirees before the acquisition		(40,000)	(114,000)
Payments for acquisitions of subsidiaries in prior years		(106,729)	–
Prepayments for acquisitions of equity interests		(50,511)	(412,955)
Capital injection to a joint venture		–	(150,000)
Acquisition of a subsidiary that is not a business		–	(499,997)
Investment in an associate		–	(392,500)
Disposal of a subsidiary	20	(39,422)	–
Decrease/(increase) in amounts due from related parties:			
Receipts of disposal of subsidiaries		1,000	–
Loans provided to a joint venture		(79,751)	(23,000)
Loans repaid by joint ventures		88,445	181,000
Loans provided to a related party		(181,587)	–
Interest income received from a joint venture		765	22,586
Loans to an independent third party		(45,000)	–
Loans repaid by third parties		3,001	191,000
Interest income received from an independent third party		564	150
Receipt of government grants for property, plant and equipment		58,331	280,882
Decrease in time deposits with original maturity of over three months		12,000	–
Decrease in financial assets at fair value through profit or loss, net		–	5,000
Proceeds from disposal of financial assets at fair value through profit or loss		–	2,675
Proceeds from disposal of items of property, plant and equipment		716	2,515
Proceeds from disposal of items of intangible assets		–	1,702
Decrease in pledged and restricted deposits		8,228	45,518
Net cash flows used in investing activities		(2,852,516)	(3,709,908)

continued/···

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		**2,784,640**	1,836,485
Repayment of bank and other borrowings		**(2,372,666)**	(2,200,269)
Interest paid		**(194,554)**	(239,763)
Payment for acquisition of a non-controlling interest in the prior year		**–**	(8,000)
Dividends paid		**(258,931)**	(65,934)
Dividends paid to a former shareholder of subsidiaries		**(8,441)**	–
Principal portion of lease payments		**(18,451)**	(25,967)
Interest portion of lease liabilities		**(9,508)**	(11,317)
Proceeds from placing of new shares		**–**	1,586,375
Share issue expenses		**–**	(13,607)
Issue expenses of convertible bonds		**–**	(28,770)
Proceeds from issue of convertible bonds		**–**	2,259,775
Proceeds from issue of shares from exercise of share options		**40,629**	64,637
Syndicated loan arrangement fees paid		**–**	(31,248)
Loans from a related party		**463,093**	390,307
Repayment of loans from a related party		**(389,982)**	(216,245)
Security deposits paid for other borrowings		**(21,150)**	–
Repurchase of convertible bonds		**(140,698)**	–
Capital contribution by non-controlling shareholders		**891**	–
Repayment of other loans recorded in other payables		**(43,922)**	(8,371)
Net cash flows from/(used in) financing activities		**(169,050)**	3,288,088
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,612,072)**	1,489,089
Cash and cash equivalents at beginning of year		**4,345,287**	2,894,437
Effect of foreign exchange rate changes, net		**(7,951)**	(38,239)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,725,264**	4,345,287
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
Cash and cash equivalents as stated in the consolidated statement of financial position	23	**2,725,264**	4,357,287
Less: Non-pledged time deposits with original maturity of over three months	23	**–**	(12,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**2,725,264**	4,345,287

1. CORPORATE AND GROUP INFORMATION

Hope Education Group Co., Ltd. (the "Company") was incorporated in the Cayman Islands on 13 March 2017 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is located at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

The Company is an investment holding company. During the year ended 31 August 2022, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of higher education and secondary vocational education services in the People's Republic of China (the "PRC") and Malaysia. There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the directors of the Company (the "Directors"), the parent and the ultimate holding company of the Company is Hope Education Investment Limited ("Hope Education Investment"), which is incorporated in the British Virgin Islands.

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries

Particulars of the Company's principal subsidiaries which are wholly-owned by the Company are as follows:

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Directly owned by the Company:			
Hope Education Group (Hong Kong) Co., Ltd. ("Hope Education HK") 希望教育集團(香港)有限公司	10 March 2017 The PRC/Hong Kong	HK$1	Investment holding
Indirectly owned by the Company:			
Horgos Tequ Mayflower Information Technology Co., Ltd. ("WFOE") 霍爾果斯特驅五月花信息科技有限公司(i)	19 January 2018 The PRC/Mainland China	RMB50 million	Provision of technical management and consultancy services
Sichuan Hope Education Industry Group Limited ("Hope Education") 四川希望教育產業集團有限公司(i)(iii)	12 January 2005 The PRC/Mainland China	RMB52.5 million	Investment holding
Meishan Tequ Mayflower Information Technology Co., Ltd. ("Meishan Mayflower") 眉山特驅五月花信息科技有限公司(i)	7 December 2020 The PRC/Mainland China	US$10 million	Investment Holding
Southwest Jiaotong University Hope College 西南交通大學希望學院(ii)	16 July 2009 The PRC/Mainland China	RMB300 million	(a)
College of Guizhou Qiannan Economics 貴州黔南經濟學院(ii)	18 January 2004 The PRC/Mainland China	RMB50 million	(a)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
Jinci College of Shanxi Medical University 山西醫科大學晉祠學院(ii)	17 June 2002 The PRC/Mainland China	RMB180 million	(a)
Sichuan Vocational College of Culture & Communication 四川文化傳媒職業學院(ii)	22 September 2005 The PRC/Mainland China	RMB20 million	(a)
Sichuan Tianyi College 民辦四川天一學院(ii)	14 March 1994 The PRC/Mainland China	RMB23.3 million	(a)
Guizhou Vocational Institute of Technology 貴州應用技術職業學院(ii)	12 June 2016 The PRC/Mainland China	RMB20 million	(a)
Sichuan Hope Automotive Technician School 四川希望汽車技師學院(ii)	4 November 2016 The PRC/Mainland China	RMB20 million	Provision of technician education services
Sichuan Hope Automotive Vocational College 四川希望汽車職業學院(ii)	24 June 2013 The PRC/Mainland China	RMB20 million	(a)
Sichuan TOP Education Co., Ltd. ("Top Education") 四川托普教育股份有限公司(ii) (iii)	28 June 2000 The PRC/Mainland China	RMB150 million	Investment holding
Sichuan TOP IT Vocational Institute 四川托普信息技術職業學院(ii)	22 April 2000 The PRC/Mainland China	RMB5 million	(a)
Suzhou Top Institute of Information Technology ("Suzhou Top Institute") 蘇州托普信息職業技術學院(ii)	2 July 2003 The PRC/Mainland China	RMB5 million	(a)
Kunshan Gongmao Technical School and Business School ("Kunshan Technical School") 昆山工貿技工學校(ii)	1 September 2018 The PRC/Mainland China	RMB5 million	(b)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
Hebi Automotive Engineering Professional College ("Hebi Automotive") 鶴壁汽車工程職業學院(ii)	8 September 2011 The PRC/Mainland China	RMB45 million	(a)
Yinchuan University of Energy 銀川能源學院(ii)	24 August 2001 The PRC/Mainland China	RMB191.3 million	(a)
Vocational-technical Training Center of Yinchuan University ("Yinchuan Training Center") 銀川大學職業技能培訓中心(ii)	24 August 2001 The PRC/Mainland China	RMB0.1 million	Provision of training services
Yinchuan Vocational School of Science and Technology ("Yinchuan Vocational School") 銀川科技職業學校(ii)	26 October 2017 The PRC/Mainland China	Nil	(b)
Ningxia Modern Senior Technical School ("Technical School") 寧夏現代高級技工學校(ii)	15 December 2016 The PRC/Mainland China	RMB2 million	Provision of technician training services
Guizhou Qiannan College of Science and Technology ("College of Science and Technology") 貴州黔南科技學院(ii)	10 June 2015 The PRC/Mainland China	RMB200 million	(a)
Nanchang Vocational Institute of Film and Television Communication ("Nanchang Vocational Institute") 南昌影視傳播職業學院(ii)	17 August 2014 The PRC/Mainland China	RMB60 million	(a)
Jiangxi Fanmei Art Secondary Professional School 江西泛美藝術中等專業學校(ii)	18 February 2011 The PRC/Mainland China	RMB5 million	(b)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
Jinken College of Technology ("Jinken College") 金肯職業技術學院(ii)	18 July 2000 The PRC/Mainland China	RMB26 million	(a)
Pioneer College, Inner Mongolia University ("Pioneer College") 內蒙古大學創業學院(ii)	2 June 2008 The PRC/Mainland China	RMB335.7 million	(a)
Xi'an Siyuan University ("Shaanxi University") 西安思源學院(ii)	13 May 2003 The PRC/Mainland China	RMB190.8 million	(a)
Hope International (Malaysia) Sdn. Bhd(iv), (v)	9 March 2020 Malaysia	RM20,000	Investment holding
INTI Education Holdings Sdn Bhd(v)	12 November 2007 Malaysia	RM252 million	Investment holding
INTI International Education Sdn Bhd ("INTI International University")(v)	28 December 1994 Malaysia	RM20 million	(a)
INTI Instruments (M) Sdn Bhd ("INTI International College Subang")(v)	13 February 1995 Malaysia	RM20 million	(a)
INTI International College Penang Sdn Bhd (INTI International College Penang)(v)	6 March 2000 Malaysia	RM6 million	(a)
Global Advance Learning (Thailand) Company Limited(vi), (vii)	17 March 2021 Thailand	THB100 Thousand	Investment holding
Faith Star (Thailand) Company Limited(vii)	5 March 2000 Thailand	THB2,500 million	Investment holding
Shinawatra University(vii)	27 December 1999 Thailand	THB2,500 million	(a)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Notes:

(a) Provision of higher education services

(b) Provision of secondary vocational services

(i) WFOE and Meishan Mayflower are registered as wholly-foreign-owned enterprises under PRC law.

(ii) These entities and sponsoring schools are controlled through contractual arrangements ("Structured Contracts") and they are collectively referred to as "Consolidated Affiliated Entities".

(iii) These subsidiaries are registered as domestic enterprises with limited liability under PRC law.

(iv) Hope International (Malaysia) Sdn. Bhd was indirectly wholly-owned by the Company, of which 49.5% equity interests were held on trust by an independent third party for the Group as the beneficiary.

(v) These subsidiaries are registered in Malaysia with limited liability.

(vi) Global Advance Learning (Thailand) Company Limited was indirectly wholly-owned by the Company, of which 26% effective equity interests were held on trust by independent third parties for the Group as the beneficiaries.

(vii) These subsidiaries are registered in Thailand with limited liability.

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies except where adjustments are made to certain subsidiaries established in the PRC and Thailand to adjust the annual reporting year end to ensure the conformity with the Group's reporting period. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

Going concern

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

In view of the net current liability position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered the cash inflow from operations, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. To mitigate any liquidity issues that might be faced by the Group, the Group has obtained adequate banking facilities from reputable financial institutions to meet its obligations as and when they fall due.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Amendments to IFRS 9, IAS39, IFRS7, IFRS4, IFRS16 *Interest Rate Benchmark Reform – Phase 2* for the first time for the year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contract*[2,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9 Illustrative Examples accompanying IFRS 16 and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after 1 January 2024
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and joint ventures

An associate is an entity in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint ventures are eliminated to the extent of the Group's investment in the associate or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate or joint ventures is included as part of the Group's investments in an associate or joint ventures.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 August. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values and no goodwill or deferred tax is recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its financial assets at fair value through profit or loss, derivative financial instruments and convertible bonds at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

Freehold land	Not depreciated
Buildings	1.9% to 20%
Furniture and fixtures	9.7% to 20%
Motor vehicles	9.5% to 36.4%
Devices and equipment	9.7% to 33.0%

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

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

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

Interests in land held for property development

Interests in land held for property development are stated at the lower of cost and net realisable value and comprise payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Interests in land held for property development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment property

Investment property is interest in a freehold land held for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost and not depreciated.

Investment property is derecognised when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

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

The Group's intangible asset with indefinite useful lives is trade name, which is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Licences to operate undergraduate institutions

Licences represented the licenses granted by the Ministry of Education of the PRC to operate undergraduate institutions acquired in business combinations, which are recognised at fair value at the acquisition date and are amortised on the straight-line basis over their estimated useful lives of 35 to 50 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land (Domestic – Mainland China)	20 to 70 years
Leasehold land (Overseas – Malaysia)	80 to 900 years
Dormitories	11 to 12 years
School campuses	2 to 26 years
Motor vehicles	2 years
Equipment	4 years

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group elected to present lease liabilities separately in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessor – operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

(i) significant financial difficulties of the debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments; or

(iii) likelihood that the borrower will enter into bankruptcy or other financial reorganisation emerges.

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade and other payables, amounts due to related parties, lease liabilities, derivative financial instruments, convertible bonds and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Convertible bonds

The Group designates convertible bonds denominated in a currency other than the functional currency of the Company as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. In the subsequent measurement, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of convertible bonds shall be presented in profit or loss.

The convertible bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial liability arising from the put option granted to a shareholder

Put option granted to a shareholder is accounted for as a financial liability and is recognized initially at fair value and subsequently measured at amortised costs until the expiry of the option or extinguished on redemption. The fair value of the put option granted to a shareholder is determined at the present value of the equity redemption amount determined by independent qualified valuer. If the option expires without redemption, the carrying amount of the financial liabilities is reclassified to equity.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments of interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group's revenue from the provision of formal educational services is in consideration of fixed amounts of tuition and boarding fees, which are recognised when the specific criteria have been met for the following activities:

Tuition and boarding fees from the provision of formal education services received from students are generally paid in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees from the provision of formal education services are recognised proportionately over the relevant period of the respective applicable program. The portion of tuition and boarding payments received from students but not recognised is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to recognise within one year. The academic year of the Group's schools is generally from September to August of the following year.

Tuition fees from the provision of other education services, including self-study examination education services, adult education services and training services to the students, are collected in advance on a lump sum basis. Revenue is recognised proportionately over the relevant period of the applicable program.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the year until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries and schools which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries and schools are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for employees of the Group's subsidiary which operates in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's subsidiaries operating in Malaysia and Thailand make contributions to the statutory pension funds, which are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Housing fund

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 7.08% (note 6) has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and the liabilities of these entities are translated into RMB at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Structured Contracts

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through the Consolidated Affiliated Entities. WFOE, a wholly-owned subsidiary of the Company, has entered into the Structured Contracts with, among others, the Consolidated Affiliated Entities and their respective equity holders. The Structured Contracts enable WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Structured Contracts, the Company 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, and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the financial statements during the year.

Income tax

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether certain schools of the Group which are exempted from tax are subject to corporate income tax in respect of income from the provision of formal education services. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available causing the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact the tax expense in the period when such determination is made. Further details of income tax are set out in note 10 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

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:

Impairment of goodwill and intangible asset with indefinite useful life

The Group determines whether goodwill and intangible asset with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible asset with indefinite useful life at 31 August 2022 were RMB2,031,266,000 and RMB147,934,000, respectively (2021: RMB1,296,672,000 and RMB149,075,000, respectively). Further details are given in note 18 to the financial statements.

Impairment of non-financial assets (other than goodwill and intangible asset with indefinite useful life)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end the year. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the year based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on other receivables

The Group takes into account qualitative and quantitative reasonable and supportable forward-looking information of forecast economic conditions when assessing the provision for expected credit losses on other receivables. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's forecast of economic conditions might not be representative of the actual default in the future. The information about the ECLs on the Group's other receivables is disclosed in note 22 to the financial statements.

Provision for expected credit losses on trade receivables

The Group applies the simplified approach to providing for expected credit losses 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 and the days past due. The Group's expected loss rates are mainly determined based on the corresponding historical credit loss rates which are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the expected changes in macroeconomic factors and accordingly adjusts the historical loss rates based on expected changes in all factors identified. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Fair value measurement of convertible bonds

Convertible bonds amounting to RMB1,871,914,000 as at 31 August 2022 (2021: RMB1,892,889,000) are measured at fair values with fair values being determined based on unobservable inputs, including expected volatility of share price and discount rate, using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of convertible bonds. Further disclosures of the convertible bonds are set out in note 28 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(Continued)*

Purchase price allocation of a business combination

The purchase price allocation of the Group's business combinations, as detailed in note 33 to the financial statements, requires the determination of fair values of the identifiable assets acquired and liabilities assumed. The net assets acquired, include amongst others, property, plant and equipment, right-of-use assets and other intangible assets, of which their fair values are dependent on a range of estimates including estimated future cash flows and discount rate. Given the uncertainties in the estimation, the actual outcomes may be higher or lower than the estimated fair values of these items as at the date of acquisition. Where the actual outcomes of these items are different from the amounts initially recorded, such differences may impact the future financial results.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical areas and has two reportable operating segments as follows:

(a) domestic education segment provides higher and vocational education services in the PRC;

(b) global education segment provides higher education services outside the PRC; and

(c) "other" comprises investment and development of properties located in Mainland China.

In previous year, the board of directors considered that there were two reportable segments i.e., the domestic education and global education segment. During the year, with the increase in the interests in land held for property development, management monitors the progress of the property development activities separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segments during the year, the operating segment information for the year ended 31 August 2021 was also restated.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, foreign exchange differences, non-lease-related finance costs, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and pledged and restricted deposits as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings (other than lease liabilities), amounts due to related parties and convertible bonds as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 August 2022

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment revenue (note 5)				
Revenue from external customers	2,695,783	345,154	–	3,040,937
Segment results	915,983	68,040	(10,146)	973,877
Reconciliation:				
Interest income				65,675
Foreign exchange differences, net				(133,958)
Fair value change from convertible bonds				37
Non-lease-related finance costs				(288,925)
Unallocated corporate expenses				(27,259)
Profit before tax				589,447
Segment assets	17,248,514	1,322,986	708,055	19,279,555
Reconciliation:				
Pledged and restricted deposits				308,250
Cash and cash equivalents				2,725,264
Total assets				22,313,069
Segment liabilities	7,434,705	351,005	82,538	7,868,248
Reconciliation:				
Interest-bearing bank and other borrowings				4,123,659
Amount due to related parties				401,423
Convertible bonds				1,871,914
Total liabilities				14,265,244
Other segment information				
Share of profits and losses of:				
An associate	(18,927)	–	–	(18,927)
Joint ventures	31,523	–	–	31,523
Depreciation and amortisation	451,774	29,553	7,672	488,999
Share-based payment expense	26,210	680	–	26,890
Investments in joint ventures	529,823	–	–	529,823
Capital expenditure*	2,814,456	217,374	353,089	3,384,919

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 August 2021

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 August 2021 *(Continued)*

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Other segment information				
Share of profits and losses of:				
An associate	(11,163)	–	–	(11,163)
Joint ventures	(242,070)	–	–	(242,070)
Impairment losses recognized in profit or loss, net	–	(4,063)	–	(4,063)
Reversal of impairment losses	179,901	–	–	179,901
Depreciation and amortization	312,555	26,849	2,430	341,834
Fees for conversion of an independent college in profit or loss, net	412,300	–	–	412,300
Investment in an associate	381,337	–	–	381,337
Investments in joint ventures	500,830	–	–	500,830
Capital expenditure*	4,157,451	6,498	217,465	4,381,414

* Capital expenditure consists of additions to property, plant and equipment, investment properties, interests in land held for property development and intangible assets including assets from the acquisition of subsidiaries.

Geographical information

(a) Revenue from external customers

	2022 RMB'000	2021 RMB'000
Domestic* – Mainland China	**2,695,783**	2,007,645
Overseas – Malaysia and Thailand	**345,154**	315,391
	3,040,937	2,323,036

The revenue information above is based on the locations of the customers.

* The place of domicile of the Group's principal operating subsidiaries is Mainland China.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2022 RMB'000	2021 RMB'000
Domestic – Mainland China	**16,126,310**	12,806,422
Overseas – Malaysia and Thailand	**1,223,129**	1,040,718
	17,349,439	13,847,140

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of any segments during the years ended 31 August 2022 and 2021.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

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

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue *(Continued)*

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

For the year ended 31 August 2022

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

For the year ended 31 August 2021

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

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue *(Continued)*

(b) Performance obligations

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

Provision of education services

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

Sale of goods

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

Changes in contract liabilities during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**1,486,924**	403,620
Additions from acquisition of subsidiaries (note 33)	**176,024**	224,395
Revenue recognised that was included in the contract liabilities at beginning of year	**(1,458,968)**	(391,843)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	**(175,945)**	(217,854)
Increase due to cash received, excluding amounts recognised as revenue during the year	**1,653,648**	1,474,544
Exchange realignment	**(1,268)**	(5,938)
Carrying amount at end of year	**1,680,415**	1,486,924
Amounts expected to be recognised as revenue:		
Within one year	**1,678,466**	1,485,362
After one year	**1,949**	1,562
Carrying amount at end of year	**1,680,415**	1,486,924

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue *(Continued)*

(b) Performance obligations (Continued)

Sale of goods *(Continued)*

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered. The increase in contract liabilities was mainly due to the receipt of advances of tuition and boarding fees from students from the newly acquired school for the new fall semester.

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to tuition fees received in advance, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains

An analysis of other income and gains is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Other income			
Bank interest income		22,283	27,117
Interest income from loans to related parties	35(b)(i)	754	12,038
Interest income from loans to independent third parties		42,638	58,720
Total interest income		65,675	97,875
Deferred income released to profit or loss:	26		
– related to assets		30,974	11,553
– related to expenses		9,394	6,746
Government grants received	(ii)	14,254	7,890
Rental income		10,348	13,699
Service income	(iii)	66,772	88,878
Fair value gain on a previously held equity interest at the date of business combination		–	212,199
Reversal of impairment losses	(iv)	–	179,901
Others	(i)	38,411	22,049
		235,828	640,790
Gains			
Gains on disposal of items of property, plant and equipment		500	1,447
Gains on lease modification		154	214
Fair value gains on financial assets at fair value through profit or loss, net		–	2,675
Gains on debt concession		–	2,000
Gain on disposal of a subsidiary	20	41,963	–
Gain on bargain purchase	33	3,197	–
Gain on exchange differences, net		–	19,401
		45,814	25,737
Total other income and gains		281,642	666,527
Fair value gains on convertible bonds	28	37	375,954

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains *(Continued)*

Notes:

(i) During the years ended 31 August 2022 and 2021, "Others" mainly represented income received from the provision of other education services, including self-study examination education services, adult education services, registration services, training services to the students and independent third parties, which was amortised within the training periods of the services rendered.

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

(iii) During the years ended 31 August 2022 and 2021, service income mainly represented of income derived from granting the rights of canteens and convenient stores operations to independent third-party operators and income from services provided to the students related to the introduction of internship and studying abroad.

(iv) During the year ended 31 August 2021, the Group reached an agreement with the vendors (the "Vendors") from the acquisition of Yinchuan University of Energy and related entities (collectively the "Yinchuan Group"), with details disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2019, that certain receivables of the Yinchuan Group due from the Vendors amounting to RMB179,901,000, that had been fully impaired on the acquisition date, will be offset by the payables for the acquisition of the Yinchuan Group, resulting in a gain from reversal of impairment losses amounting to RMB179,901,000.

6. FINANCE COSTS

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

	2022 RMB'000	2021 RMB'000
Interest on bank, overdraft and other borrowings	250,932	236,728
Less: Interest capitalised	(14,224)	(18,796)
Net of interest capitalised	236,708	217,932
Issue expenses of convertible bonds	–	28,770
Increase in the discounted amounts of payables arising from the passage of time	52,217	40,398
Interest on lease liabilities	9,508	11,317
	298,433	298,417
Capitalisation rate of borrowing costs capitalised	7.08%	5.35%/7.06%

7. PROFIT BEFORE TAX

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

	Notes	2022 RMB'000	2021 RMB'000
Cost of services provided		1,647,554	1,148,304
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		948,070	674,337
Equity-settled share option expense		26,890	–
Pension scheme contributions (defined contribution schemes)		179,172	93,848
		1,154,132	768,185
Management fees	(i)	168,865	185,405
Fees for conversion of an independent college into a full private university	25(iii)	–	412,300
Derecognition of other intangible assets		–	77,183
Depreciation of property, plant and equipment	13	376,010	255,842
Depreciation of right-of-use assets*	14	74,034	66,519
Depreciation of land held for property development		7,672	2,430
Amortisation of other intangible assets	17	31,283	17,043
Gain on disposal of a subsidiary	20	(41,963)	–
Gain on bargain purchase^	33	(3,197)	–
Lease payments not included in the measurement of lease liabilities	14(c)	18,007	4,361
Foreign exchange differences, net		13,545	(28,469)
Auditors' remuneration		7,850	8,850
Fair value (gain)/loss on derivative instruments – transactions not qualifying as hedges		(2,817)	2,817
Losses on disposal of items of intangible assets		–	1,969
Losses on disposal of items of property, plant and equipment		962	5,954
Impairment loss of property, plant and equipment	13	–	3,953
Gain on lease modification, net		(154)	–
Impairment loss of right-of-use assets	14(a)	–	110

7. PROFIT BEFORE TAX *(Continued)*

Note:

(i) Management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** During the year, the amounts of depreciation of right-of-use assets of RMB74,034,000 (2021: RMB66,519,000) and RMB3,287,000 (2021: RMB3,445,000) were recognised in profit or loss and capitalised as addition to construction in progress, respectively.

^ Gain on bargain purchase is included in “Other income and gains” in the profit or loss.

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 RMB’000	2021 RMB’000
Fees	2,480	2,502
Other emoluments:		
Equity-settled share option expense	1,098	–
Pension scheme contributions	71	60
	1,169	60
	3,649	2,562

During the year and in prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors’ and chief executive’s remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Mr. Zhang Jin	**120**	122
Mr. Chen Yunhua	**120**	122
Mr. Gao Hao	**120**	122
	360	366

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 August 2022					
Executive directors:					
Mr. Wang Huiwu[(i)]	**1,260**	**–**	**–**	**36**	**1,296**
Mr. Xu Changjun	**459**	**–**	**220**	**–**	**679**
Mr. Li Tao	**401**	**–**	**219**	**35**	**655**
	2,120	**–**	**439**	**71**	**2,630**
Non-executive directors:					
Mr. He Shengli	**–**	**–**	**439**	**–**	**439**
Mr. Lv Zhichao	**–**	**–**	**–**	**–**	**–**
Mr. Tang Jianyuan	**–**	**–**	**220**	**–**	**220**
	–	**–**	**659**	**–**	**659**
	2,120	**–**	**1,098**	**71**	**3,289**
Year ended 31 August 2021					
Executive directors:					
Mr. Wang Huiwu[(i)]	1,267	–	–	30	1,297
Mr. Xu Changjun	464	–	–	–	464
Mr. Li Tao	405	–	–	30	435
	2,136	–	–	60	2,196
Non-executive directors:					
Mr. Wang Degen[(ii)]	–	–	–	–	–
Mr. He Shengli[(ii)]	–	–	–	–	–
Mr. Lv Zhichao	–	–	–	–	–
Mr. Tang Jianyuan	–	–	–	–	–
	–	–	–	–	–
	2,136	–	–	60	2,196

Notes:

(i) Mr. Wang Huiwu is also the chief executive of the Company.

(ii) On 24 June 2021, Mr. Wang Degen resigned as a director and Mr. He Shengli was appointed as a director of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees are detailed as follows:

	Number of employees	
	2022	2021
Director	3	1
Non-director	2	4
	5	5

Details of directors' and chief executive's remuneration are set out in note 8 above. Details of the remaining highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	1,447	3,738
Equity-settled share option expense	1,800	–
Pension scheme contributions	107	563
	3,354	4,301

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

	Number of employees	
	2022	2021
Nil to HK$1,000,000	–	2
HK$1,000,001 to HK$1,500,000	1	1
HK$2,500,001 to HK$3,000,000	1	1
	2	4

During the year and in prior year, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

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

Hope Education Group (Hong Kong), a subsidiary incorporated in Hong Kong, is subject to income tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Subsidiaries incorporated in Malaysia are subject to Malaysian corporate income tax at a rate of 24% during the year.

Non-school subsidiaries incorporated in Thailand are subject to the corporate income tax rate of 20% and the school incorporated in Thailand is exempted from corporate income tax during the year.

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

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

	2022 RMB'000	2021 RMB'000
Current – Mainland China		
Corporate income tax for the year	119,415	66,298
Underprovision/(overprovision) in prior years, net	5,408	(884)
Current – Malaysia		
Corporate income tax for the year	14,204	11,258
Underprovision/(overprovision) in prior years, net	(629)	67
Deferred (note 29)	5,140	(9,393)
Total tax charged for the year	143,538	67,346

10. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions/countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Profit before tax		**589,447**	672,466
Less: Losses from/(profits generated by) companies incorporated in the Cayman Islands*		**168,327**	(425,899)
Profit before tax by the Group other than companies incorporated in the Cayman Islands		**757,774**	246,567
Tax/(notional tax) at the respective statutory tax rates:			
– PRC subsidiaries, at 25%		**167,471**	61,553
– Hong Kong subsidiary, at 16.5%		**2,935**	(4,784)
– Malaysia subsidiaries, at 24%		**14,482**	7,044
– Thailand subsidiaries, at 20%		**1,952**	–
Lower tax rate for specific provinces or enacted by local authorities	(a)	**(32,827)**	(45,805)
Profits not subject to tax	(b)	**(44,454)**	(18,740)
Losses/(profits) attributable to joint ventures and an associate		**(3,149)**	63,308
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiary		**–**	6,026
Effect on opening deferred tax of decrease in rates		**–**	(5,687)
Adjustments in respect of current tax of previous years		**4,779**	(817)
Tax losses utilised from previous years		**(646)**	(1,426)
Tax losses not recognised		**31,534**	5,231
Others		**1,461**	1,443
Tax charge at the Group's effective rate		**143,538**	67,346

* The loss from the Company and Tequ Mayflower Limited during the year mainly consisted of fair value losses on convertible bonds, foreign exchange losses, which is not tax deductible pursuant to the rules and regulations of the Cayman Islands.

10. INCOME TAX *(Continued)*

Notes:

(a) According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain subsidiaries that are located in Sichuan Province and engaged in the encouraged business are entitled to a preferential CIT rate of 15%. WFOE was established in Horgos, Xinjiang, the PRC and is exempted from income tax for the first five years since 2018 in accordance with the preferential tax rules. Therefore, WFOE will be subject to PRC corporate income tax at a rate of 25% after 2023.

(b) According to the decision (the "2016 Decision") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law《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》, which was promulgated on 7 November 2016, and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the 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 14 May 2021, the State Council released the Implementation Rules 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》) with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

As at the date of approval of these financial statements, the PRC Schools are in the process of classification registrations and remain as private non-enterprise units.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's opinion on the preferential tax treatments for the current year, the PRC Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments during the year. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax at a statutory rate of 25% in respect of income from the provision of formal educational services, if they do not enjoy any preferential tax treatment.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, all of the Group's non-school subsidiaries established in the PRC are subject to PRC corporate income tax at a rate of 25% during the year, except WFOE and those subsidiaries which are mentioned above.

11. DIVIDENDS

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

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

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

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

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

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

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

Notes:

(i) The weighted average number of 8,017,046,404 ordinary shares in issue during the year ended 31 August 2022 has been adjusted to reflect the new shares issue as set out in note 30 to the financial statements (2021: 7,610,738,110 ordinary shares in issue during the year ended 31 August 2021).

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

* Because the diluted earnings per share amount is increased when taking convertible bonds into account, they had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. In addition, no adjustment has been made to the basic earnings per share amount presented for the year ended 31 August 2022 in respect of a dilution for the share options granted during the year as the exercise price was higher than the average market price of the Company from the grant date to 31 August 2022. Therefore, the diluted earnings per share amounts are based on the profit for the year of RMB444,641,000, and the weighted average number of ordinary shares of 8,034,496,785 in issue during the year.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2022							
At 1 September 2021:							
Cost	90,799	7,401,080	527,132	26,488	508,076	1,086,802	9,640,377
Accumulated depreciation and impairment	–	(602,946)	(271,411)	(16,111)	(323,937)	–	(1,214,405)
Net carrying amount	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
At 1 September 2021, net of accumulated depreciation and impairment	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
Additions	–	163,499	102,054	4,989	95,399	1,335,805	1,701,746
Acquisition of subsidiaries (note 33)	70,362	657,757	39,304	3,472	66,995	800	838,690
Disposals	–	(150)	(204)	(138)	(97)	(589)	(1,178)
Disposal of a subsidiary	–	–	–	–	(15)	–	(15)
Depreciation provided during the year	–	(183,862)	(90,609)	(4,687)	(96,852)	–	(376,010)
Depreciation capitalised (note 14)	–	–	–	–	–	3,287	3,287
Transfers	–	1,065,246	2,838	–	3,453	(1,071,537)	–
Exchange realignment	(2,816)	(7,265)	(162)	(20)	(191)	(3)	(10,457)
At 31 August 2022, net of accumulated depreciation and impairment	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
At 31 August 2022:							
Cost	158,345	9,279,261	669,451	34,727	671,681	1,354,565	12,168,030
Accumulated depreciation and impairment	–	(785,902)	(360,509)	(20,734)	(418,850)	–	(1,585,995)
Net carrying amount	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2021							
At 1 September 2020:							
Cost	–	4,555,983	357,392	10,999	329,356	572,715	5,826,445
Accumulated depreciation	–	(361,190)	(194,579)	(5,368)	(200,158)	–	(761,295)
Net carrying amount	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150
At 1 September 2020, net of accumulated depreciation	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150
Additions	–	5,565	86,486	5,242	51,176	1,351,610	1,500,079
Acquisition of subsidiaries	95,343	1,774,028	71,983	3,147	70,674	139,094	2,154,269
Disposals	–	(17)	(1,054)	(56)	(422)	(4,808)	(6,357)
Depreciation provided during the year	–	(121,942)	(63,422)	(3,499)	(66,979)	–	(255,842)
Depreciation capitalised (note 14)	–	–	–	–	–	3,445	3,445
Impairment	–	(1,635)	(901)	(46)	(1,371)	–	(3,953)
Transfers	–	972,476	–	–	2,649	(975,125)	–
Exchange realignment	(4,544)	(25,134)	(184)	(42)	(786)	(129)	(30,819)
At 31 August 2021, net of accumulated depreciation and impairment	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
At 31 August 2021:							
Cost	90,799	7,401,080	527,132	26,488	508,076	1,086,802	9,640,377
Accumulated depreciation and impairment	–	(602,946)	(271,411)	(16,111)	(323,937)	–	(1,214,405)
Net carrying amount	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972

Notes:

(a) As at 31 August 2022, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB1,965,261,000 (2021: RMB2,387,034,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) As at 31 August 2022, certain of the Group's property, plant and equipment with a net carrying amount of RMB301,790,000 (2021: RMB140,432,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, school campuses, dormitories and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the governments with lease periods of 20 to 900 years, and no ongoing payments will be made under the terms of these land leases. Leases of dormitories generally have lease terms between 11 and 12 years, while motor vehicles generally have lease terms within 2 years and equipment has lease terms of 4 years. Leases of school campuses generally have lease terms from 2 to 26 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2021	1,279,529	85,070	39,037	72	1,704	1,405,412
Additions	407,525	–	1,399	–	53	408,977
Acquisition of subsidiaries (note 33)	220,257	–	–	–	–	220,257
Depreciation charged to profit or loss during the year	(40,885)	(12,846)	(19,762)	(63)	(478)	(74,034)
Depreciation capitalised	(3,287)	–	–	–	–	(3,287)
Lease modification	–	(1,159)	971	–	–	(188)
Exchange realignment	(212)	(1)	(157)	–	(16)	(386)
As at 31 August 2022	1,862,927	71,064	21,488	9	1,263	1,956,751

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right-of-use assets (Continued)

	Leasehold payments RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2020	1,037,922	98,019	38,021	135	–	1,174,097
Additions	82,392	30	801	–	1,715	84,938
Acquisition of subsidiaries (note 33)	192,787	186	25,367	–	2,127	220,467
Depreciation charged to profit or loss during the year	(28,756)	(13,160)	(23,971)	(63)	(569)	(66,519)
Depreciation capitalised	(3,445)	–	–	–	–	(3,445)
Impairment	–	–	–	–	(110)	(110)
Lease modification	–	–	(137)	–	(1,365)	(1,502)
Exchange realignment	(1,371)	(5)	(1,044)	–	(94)	(2,514)
As at 31 August 2021	1,279,529	85,070	39,037	72	1,704	1,405,412

Note:

(i) As at 31 August 2022, the Group's leasehold land with a net carrying amount of approximately RMB29,901,000 (2021:RMB55,995,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**171,395**	149,094
New leases	**1,451**	2,893
Acquisition of subsidiaries (note 33)	**6,969**	51,222
Accretion of interest recognised during the year	**9,508**	11,317
Lease modification	**(342)**	(1,716)
Covid-19-related rent concession from a lessor	**–**	(1,927)
Payments	**(27,959)**	(37,284)
Reclassification of IICKL lease liabilities to other payables (note (ii))	**(17,005)**	–
Exchange realignment	**(514)**	(2,204)
Carrying amount at end of the year	**143,503**	171,395
Analysed into:		
Current portion	**27,197**	30,927
Non-current portion	**116,306**	140,468

Notes:

(i) The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

(ii) The reclassification is due to the statutory demand letter received by INTI International College Kuala Lumpur Sdn. Bhd.("IICKL") from certain lessors after the IICKL have passed a resolution to close down IICKL effective from 30 June 2022 on 30 April 2021. IICKL is obliged to settle the remaining lease payments made up of rental in arrears and interest charges payable from October 2021 to December 2021 and full rent for the remaining lease period up till 31 October 2024.

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	9,508	11,317
Depreciation charge on right-of-use assets	74,034	66,519
Expense relating to short-term leases (included in cost of sales and administrative expenses)	18,007	4,361
Covid-19-related rent concession from a lessor	–	(1,927)
Gains on lease modification	(154)	(214)
Impairment loss of right-of-use assets	–	110
Total amount recognised in profit or loss	101,395	80,166

(d) The total cash outflow for leases is disclosed in note 36(c) to the financial statements.

The Group as a lessor

The Group leased certain schools' spaces and buildings under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB10,348,000 (2021: RMB13,699,000), details of which are included in note 5 to the financial statements.

At 31 August 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	21,723	8,983
After one year but within two years	18,123	2,567
After two years but within three years	1,592	1,975
After three years but within four years	621	1,481
After four years but within five years	483	555
After five years	5,732	6,211
	48,274	21,772

15. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

	2022 RMB'000	2021 RMB'000
Interests in land held for property development	575,317	142,592

The Group's interests in land use rights for property development were in respect of prepayments for the rights to use certain pieces of land situated in Mainland China over fixed periods and held under leases with terms of 40 to 70 years.

16. INVESTMENT PROPERTY

The Group's investment property is freehold land in Malaysia owned by INTI Group. As at 31 August 2022, the fair value of the investment property was estimated to be approximately RMB39,000,000 consistent with the valuation performed by Jones Lang Wootton, an independent professionally qualified valuer. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The valuation was determined using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square meter. The fair value measurement hierarchy of the investment property requires certain significant unobservable inputs (Level 3).

17. OTHER INTANGIBLE ASSETS

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangement to operate independent college RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2022					
Cost at 1 September 2021, net of accumulated amortisation	149,075	51,280	11,321	585,435	797,111
Additions	–	15,075	–	–	15,075
Acquisition of subsidiaries (note 33)	–	4,336	–	471,983	476,319
Amortisation provided during the year	–	(8,028)	(4,358)	(18,897)	(31,283)
Exchange realignment	(1,141)	(11)	–	–	(1,152)
At 31 August 2022	147,934	62,652	6,963	1,038,521	1,256,070
At 31 August 2022					
Cost	147,934	100,026	17,438	1,065,978	1,331,376
Accumulated amortisation	–	(37,374)	(10,475)	(27,457)	(75,306)
Net carrying amount	147,934	62,652	6,963	1,038,521	1,256,070

17. OTHER INTANGIBLE ASSETS *(Continued)*

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangements to operate independent colleges RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2021					
Cost at 1 September 2020, net of accumulated amortisation	–	34,266	91,916	86,109	212,291
Additions	–	14,291	–	–	14,291
Acquisition of subsidiaries	156,536	14,049	–	505,373	675,958
Disposals	–	(3,640)	–	–	(3,640)
Derecognised during the year	–	–	(77,183)	–	(77,183)
Amortisation provided during the year	–	(7,584)	(3,412)	(6,047)	(17,043)
Exchange realignment	(7,461)	(102)	–	–	(7,563)
At 31 August 2021	149,075	51,280	11,321	585,435	797,111
At 31 August 2021					
Cost	149,075	80,626	17,438	593,995	841,134
Accumulated amortisation	–	(29,346)	(6,117)	(8,560)	(44,023)
Net carrying amount	149,075	51,280	11,321	585,435	797,111

Notes:

(i) Trade name acquired through the acquisition of INTI Group is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 18 to the financial statements.

(ii) The licences to operate undergraduate institutions are amortised on the straight-line basis over their estimated useful lives by considering the expected usage of the assets and legal or similar limits on the use of the assets. The net carrying amount of these licences and the estimated useful lives are as follows:

	2022 RMB'000	Estimated useful life
Yinchuan University of Energy	81,082	35 years
College of Science and Technology	243,036	46 years
Pioneer College	247,233	49 years
Shaanxi University	467,170	49 years
	1,038,521	

18. GOODWILL

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

	2022 RMB'000	2021 RMB'000 (Restated)
Cost and net carrying amount at beginning of year	**1,296,672**	590,456
Acquisition of subsidiaries (note 33)	**736,070**	715,881
Exchange realignment	**(1,476)**	(9,665)
Cost and net carrying amount at end of year	**2,031,266**	1,296,672

Notes:

(i) The carrying amount of trade name with indefinite useful life was set out in note 17.

(ii) Following the completion of the review on fair value during the year, the Group made a retrospective adjustment of RMB25,132,000 to the provisional "Accruals and other payables" originally recorded during the year ended 31 August 2021 arising from the acquisition of Pioneer College. The adjustment resulted in a restatement to the "Accruals and other payables – rental payable" and goodwill in the consolidated statement of financial position. The effect of the adjustment made during the 12-month period from acquisition date (the "Measurement Period") in the consolidated statement of financial position is set out below:

	Fair value recognised on the acquisition date RMB'000	Adjustment during the Measurement Period RMB'000	Fair value recognised on the acquisition date RMB'000 (Restated)
Property, plant and equipment	404,279	–	404,279
Right-of-use assets	61,558	–	61,558
Other intangible assets	255,442	–	255,442
Cash and bank balances	34,968	–	34,968
Prepayments and other receivables	708	–	708
Contract liabilities	(44,904)	–	(44,904)
Accruals and other payables	(87,801)	(25,132)	(112,933)
Due to the Group	(175,847)	–	(175,847)
Bank loans and other borrowings	(16,756)	–	(16,756)
Deferred income	(493)	–	(493)
Total identifiable net assets at fair value	431,154	(25,132)	406,022
Total consideration	500,000	–	500,000
Less: Net assets acquired	(431,154)	25,132	(406,022)
Goodwill	68,846	25,132	93,978

18. GOODWILL *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life

Goodwill and trade name acquired through business combinations are allocated to the following cash-generating units ("CGU") for impairment testing:

- Sichuan Tianyi College cash-generating unit ("Tianyi College CGU");
- Jinci College of Shanxi Medical University cash-generating unit ("Jinci College CGU");
- Sichuan TOP IT Vocational Institute cash-generating unit ("TOP Institute CGU");
- Yinchuan University of Energy cash-generating unit ("Yinchuan Energy CGU");
- Suzhou Top Institute cash-generating unit ("Suzhou Top CGU");
- Inti Education Holdings Sdn. Bhd. and its subsidiaries cash-generating unit ("INTI Group CGU");
- Nanchang Vocational Institute ("Nanchang Institute CGU");
- Jinken College cash-generating unit ("Jinken College CGU");
- Pioneer College cash-generating unit ("Pioneer College CGU");
- College of Science and Technology cash-generating unit ("ST College CGU"); and
- Xi'an Shaanxi University cash-generating unit ("Shaanxi University CGU")

18. GOODWILL *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life *(Continued)*

The carrying amount of goodwill and trade name allocated to each CGU at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Tianyi College CGU	**36,865**	36,865
Jinci College CGU	**16,311**	16,311
TOP Institute CGU	**427,967**	427,967
Yinchuan Energy CGU	**10,795**	10,795
Suzhou Top CGU	**98,518**	98,518
INTI Group CGU	**339,567***	342,184
Nanchang Institute CGU	**38,122**	38,122
Jinken College CGU	**354,588**	354,588
Pioneer College CGU	**93,978**	93,978
ST College CGU	**26,419**	26,419
Shaanxi University CGU	**736,070**	–
	2,179,200	1,445,747

The recoverable amount of each of the above CGUs had been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The long-term growth rate used to extrapolate the cash flows of the above CGUs during the terminal period is 0% and the inflation rate are 2.4% and 2.3% for INTI Group CGU and other CGUs, respectively.

* Include intangible asset with indefinite useful life of RMB147,934,000 (note 17(i)).

Assumptions were used in the value-in-use calculation of each of the above CGUs for 31 August 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – The budgeted revenue is based on the historical data and management's expectation on the future market. It mainly consists of the budgeted tuition and boarding fees, which are dependent on the number of students and the unit price of tuition and boarding fees.

Budgeted EBIT – The basis used to determine the value assigned to the budgeted earnings before interest and taxes ("EBIT") is the average EBIT achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

18. GOODWILL *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life *(Continued)*

Pre-tax discount rate – The pre-tax discount rate reflects the risks relating to the relevant CGUs, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the PRC education industry. The pre-tax discount rate used in the value-in-use calculation for each CGU is as follows:

	2022	2021
Tianyi College CGU	**13%**	14%
Jinci College CGU	**13%**	14%
TOP Institute CGU	**13%**	14%
Yinchuan Energy CGU	**13%**	14%
Suzhou Top CGU	**13%**	14%
INTI Group CGU	**18%**	18%
Nanchang Institute CGU	**13%**	14%
Jinken College CGU	**13%**	14%
Pioneer College CGU	**13%**	14%
ST College CGU	**13%**	14%
Shaanxi University CGU	**13%**	14%

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

The directors have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amounts of the respective CGUs then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amounts of the respective CGUs, would still exceed their respective carrying amounts.

19. INVESTMENT IN A JOINT VENTURE

	2022 RMB'000	2021 RMB'000
Share of net assets	318,273	286,750
Goodwill on acquisition	218,776	218,776
Unrealised gains from downstream transactions to joint ventures	(7,226)	(4,696)
	529,823	500,830

The Group's loans to the joint venture are disclosed in note 35(b) to the financial statements.

Particulars of the Group's joint ventures are as follows:

			Percentage of			
Name	Registered capital	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activities
Gongqing College of Nanchang University	RMB216,468,000	The PRC/ Mainland China	100%	(i)	100%	Provision of higher education services

Gongqing College of Nanchang University is accounted for as a joint venture even though the Group owns a 100% ownership interest and a 100% profit sharing right in Gongqing College of Nanchang University. As the articles of association of Gongqing College of Nanchang University, all decisions about the relevant activities require the unanimous consent from all the members of the board of directors of Nanchang University, and only three directors were appointed by the Group among the nine members of the board of directors. Therefore, the Group is able to exercise joint control over Gongqing College of Nanchang University. The above investment is indirectly held by the Company.

19. INVESTMENT IN A JOINT VENTURE *(Continued)*

The following table illustrates the summarised financial information in respect of Gongqing College of Nanchang University, which is considered a material joint venture of the Group, reconciled to the carrying amounts in the financial statements:

	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	**94,458**	72,850
Other current assets	**24,338**	22,329
Non-current assets, excluding goodwill	**344,600**	326,900
Goodwill on acquisition of the joint venture	**218,776**	218,776
Contract liabilities	**(83,543)**	(74,969)
Other-current liabilities	**(61,580)**	(60,360)
Net assets	**537,049**	505,526
Net assets, excluding goodwill	**318,273**	286,750
Reconciliation to the Group's share of net assets of the joint venture:		
Proportion of the Group's ownership	**100%**	100%
Group's share of net assets of the joint venture, excluding goodwill	**318,273**	286,750
Goodwill on acquisition of the joint venture	**218,776**	218,776
Unrealised gains from downstream transactions to a joint venture	**(7,226)**	(4,696)
Carrying amount of the investment	**529,823**	500,830

	For the year ended 31 August 2022 RMB'000	Period from the acquisition date of 9 April to 31 August 2021 RMB'000
Revenue	**99,784**	32,303
Interest income	**116**	16
Depreciation and amortisation	**(17,568)**	(8,929)
Finance costs	**(493)**	(230)
Profit for the year/period	**31,523**	790

20. INVESTMENT IN AN ASSOCIATE

	2021
	RMB'000
Share of net assets	293,491
Goodwill on acquisition	87,846
	381,337

The Group indirectly held 8.75% equity interests in Dingli Corp., Ltd. ("Dingli") through its indirectly owned subsidiary, Sichuan Tequ Mayflower Education Management Co., Ltd. ("Tequ Mayflower"). The Group is in the position to exercise significant influence on Dingli and accounted for it using the equity method.

On 31 August 2021, the Group entered into an equity transfer agreement to dispose of its 100% equity interest in Tequ Mayflower to Chengdu Pengyang Enterprise Management Consulting Limited, a related party, at a total consideration of RMB527,000,000, which in turn indirectly disposed of the 8.75% equity interests in Dingli. The disposal had been approved at the extraordinary general meeting of the Company held on 20 November 2021. The net assets of Tequ Mayflower at the date of the disposal are as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	15
Investment in an associate	362,410
Cash and bank balances	59,422
Prepayments and other receivables	646
Due from the Group	69,157
Accruals and other payables	(6,613)
	485,037
Gain on disposal of a subsidiary	41,963
	527,000
Satisfied by:	
Cash	20,000
Due from a related party	507,000
	527,000

20. INVESTMENT IN AN ASSOCIATE *(Continued)*

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

	RMB'000
Cash and bank balances disposed of	59,422
Cash received during the year	20,000
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	39,422

21. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Tuition and boarding fee receivables	127,124	126,106

The outstanding trade receivables represent amounts due from students who have applied for the monthly instalment plan and amounts due from certain students who have applied for scholarships receivable from the government. There is no fixed term for the trade receivables. The trade receivables have no recent history of default. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. No expected credit losses were provided as it is assessed the overall expected credit loss rate for the above financial assets measured at amortised cost to be minimal.

None of the above trade receivables is either past due or impaired.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2022 RMB'000	2021 RMB'000
Current portion:			
Loans to third parties	(a)	**528,550**	576,551
Interest receivables from third parties	(a)	**180,110**	138,701
Cash in transit	(b)	**49,134**	84,621
Prepayments for management fees	7(i)	**1,531**	1,531
Prepaid expenses		**42,051**	29,451
Deposits		**32,390**	28,031
Staff advances		**12,367**	6,112
Interest receivable from time deposits		**21,722**	13,038
Amounts due from the local finance department	(c)	**85,513**	96,631
Amounts due from a former related party	35(b)	**181,587**	–
Loans to the government		**8,455**	–
Bills receivable		**10,000**	–
Other receivables		**62,447**	41,411
		1,215,857	1,016,078
Non-current portion:			
Prepayments for property, plant and equipment		**33,146**	26,927
Prepayments for intangible assets		**10**	–
Prepayments for acquisitions		**50,000**	412,955
Prepayments for land lease payments		**226,816**	419,508
Loans to a third party	(a)	**30,000**	–
Security deposits for other borrowings		**34,140**	–
		374,112	859,390
		1,589,969	1,875,468

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) Loans to third parties and interest receivables from third parties consisted of:

	Notes	2022 RMB'000	2021 RMB'000
Guixi Property	(i)		
Principal		**446,550**	446,550
Interest receivables		**148,761**	115,353
		595,311	561,903
Shaanxi University			
Principal		**–**	60,000
Interest receivables		**–**	253
		–	60,253
Zhongsheng Real Estate	(ii)		
Principal		**112,000**	70,001
Interest receivables		**31,349**	23,095
		143,349	93,096
		738,660	715,252

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) Loans to third parties and interest receivables from third parties consisted of: *(continued)*

(i) Loans of RMB446,550,000 to Chengdu Wuhou Guixi Property Development Company Limited ("Guixi Property"), a company controlled by the previous ultimate shareholder of Sichuan TOP IT Vocational Institute, which bear interest at a fixed rate of 7.5% per annum and will become mature within two years from the date when the loans were granted. The interest will be paid half-yearly, and the principal of the loans will be repaid in a lump sum as the loans become mature. The loans are secured by the pledge of buildings and certain car parks (the "Collaterals") belonging to Guixi Property. Meanwhile, the Group requested property preservation on a 40% equity interests held by Guixi Property and a receivable from the disposal of a sponsor rights of a hospital (the "Preserved Properties"), which had been passed by people's court.

As at 31 August 2022, the principal and interest receivables due from Guixi Property have been past due. The Group does not recognise any expected credit losses ("ECLs") as the expected discounted cash flow from the Collaterals and the Preserved Properties as at 31 August 2022 is approximate to RMB602,349,000, which is over the principal loans and the interest receivables. The fair value of the Collaterals and the expected discounted cash flow from the Collaterals and the Preserved Properties are determined by independent qualified valuers. The Group has taken actions in recovering the loans and interest receivables through the Collaterals and the Preserved Properties.

(ii) The balance represented a loan to Chongqing Zhongsheng Real Estate Development Company Limited ("Zhongsheng Real Estate"), a former subsidiary of the Group, which bears interest at a fixed rate of 8% per annum. The loan and interest receivable are secured by 100% equity interests in Zhongsheng Real Estate, of which the fair value is over the principle of the loan and the interest receivable. The fair value of the equity interests in Zhongsheng is determined by an independent qualified valuer.

(b) The cash in transit represents the fees collected through third party online payment service providers at the end of the reporting period, which have yet to be transferred to the respective bank accounts of the Group at the end of the reporting period.

(c) Amounts due from the local finance department represented the receipt of tuition and boarding fees for the new fall semester by Pioneer College, which needed to be transferred to the local finance department upon receipt and Pioneer College will apply to the local finance department for the return later. Amounts due from local finance department of RMB85,513,000 have been received in September 2022.

Except as disclosed above, all the receivables are interest-free, are not secured with collateral and have no recent history of default.

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	2022 RMB'000	2021 RMB'000
Cash and bank balances		**2,773,514**	4,534,404
Time deposits with original maturity of over three months		**260,000**	280,000
		3,033,514	4,814,404
Less:			
Pledged deposits for:			
Bank loans – current	27(a)	**(261,075)**	(12,823)
Bank loans – non-current	27(a)	**–**	(260,000)
Performance guarantee – current		**–**	(8,000)
Restricted bank balances in escrow accounts (i)			
Current		**–**	(130,553)
Non-current		**(36,193)**	(36,083)
Other restricted bank balances – current		**(10,982)**	(9,658)
Total pledged and restricted deposits		**(308,250)**	(457,117)
Cash and cash equivalents		**2,725,264**	4,357,287

Note:

(i) The amount represents cash received from relating authorities and placed into escrow accounts for the construction of a new campus and procurement of school equipment in Jiangxi Province. During the year, a government grant of RMB130,000,000 and interest income arising thereon of RMB553,000 had been released from the escrow accounts and repaid to the government following the termination of the construction of a new campus.

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS *(Continued)*

The cash and bank balances were denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	**2,533,467**	3,885,035
Hong Kong dollar ("HK$")	**31**	14,867
Malaysian ringgit ("RM")	**149,612**	153,687
United States dollar ("US$")	**302,555**	760,796
Thailand Baht ("THB")	**47,849**	19
Cash and bank balances	**3,033,514**	4,814,404

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposits are made for three months to three years and earn interest at the deposit rates ranging from 0.375% to 4.20% per annum (2021: 2.94% to 4.20%). The bank balances, pledged and restricted deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

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

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

25. OTHER PAYABLES AND ACCRUALS

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Current portion:			
Payables for purchase of property, plant and equipment		853,337	911,724
Payables for the acquisition of equity interests	(v)	631,953	686,629
Miscellaneous advances received from students	(i)	197,553	170,780
Accrued bonuses and other employee benefits		188,237	119,357
Government scholarship		142,363	96,385
Payables for purchase of teaching materials and operating expenditure		25,610	27,754
Payables for management fees	7(i)	45,580	54,380
Rental payable		96,665	48,441
Deposits		68,386	70,256
Other taxes payable		123,508	113,961
Other payables and accrued expenses		308,239	232,201
Loans from third parties	(vi)	92,003	–
Construction loan from the Mianzhu Education Bureau	(ii)	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	(iii)	106,330	76,698
Payables for government grant related to assets		–	130,000
Payable for land lease payments		105,210	–
		3,060,806	2,814,398
Non-current portion:			
Payables for conversion of certain independent colleges into fully private colleges	(iii)	559,813	609,288
Liability of a put option granted to a shareholder	(iv)	313,098	–
Other payables		12,220	10,164
		885,131	619,452
		3,945,937	3,433,850

25. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes:

(i) The advances received from students represented expenses relating to textbooks, military training, medical examination and insurance, etc. collected from students which will be paid out on behalf of students.

(ii) Sichuan Tianyi College obtained an interest-free and non-repayable construction loan from the Mianzhu Education Bureau in 2015.

(iii) The amount includes fees payable for conversions of College of Guizhou Qiannan Economics and College of Science and Technology from independent colleges into fully private colleges in prior year. The amount of RMB559,813,000 is payable above twelve months and presented as non-current liabilities.

(iv) The liability of a put option granted to a shareholder is accounted for as financial liability at amortised cost, as further detailed in note 33 to the financial statements.

(v) 51% of the equity interest in Inner Mongolia Pu Rui Chen Education Technology Co., Ltd. and 50% of the equity interest in Nanjing Jinken Construction and Installation Work Limited Company (南京金肯建築安裝工程有限公司,"Nanjing Jinken") were pledged for the payables for the acquisition of equity interests.

(vi) Loans from third parties provided by two companies controlled by a former shareholder of Shaanxi University, which bore interest at interest rates ranging 15% and 15.5% per annum, were unsecured and repayable on demand.

26. DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
Government grants related to assets		
At beginning of year	1,458,252	1,264,163
Government grants received	58,331	280,882
Acquisition of subsidiaries (note 33)	88,811	54,760
Released to profit or loss	(30,974)	(11,553)
Reclassified to other payable	–	(130,000)
At end of year	1,574,420	1,458,252
Current	39,606	14,063
Non-current	1,534,814	1,444,189
	1,574,420	1,458,252
Government grants related to expense items		
At beginning of year	30,897	26,185
Government grants received	14,284	10,965
Acquisition of subsidiaries	–	493
Released to profit or loss	(9,394)	(6,746)
At end of year – current	35,787	30,897

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

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

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.00-7.00	2023	1,089,245	4.35-5.2	2021	35,000
Bank loans – secured	–	On demand	3,570	–	On demand	3,570
Bank loans – unsecured	4.85	2023	100,895	4.8	2021	28,635
Other borrowings – secured	–	–	–	10.33	2021	30,015
Current portion of						
– Long term bank loans – secured	4.34-6.84	2021-2022	444,132	4.75-6.5	2021-2022	189,692
– Syndicated loan – secured	–	–	–	LIBOR+2.6	2021	1,601,675
– Other borrowings – secured	6.82-15.05	2022-2023	922,902	7.00-14.50	2021-2022	251,809
			2,560,744			2,140,396
Non-current						
Bank loans – secured	4.34-6.84	2022-2025	317,800	4.34-6.5	2022-2025	681,957
Other borrowings – secured	6.82-15.05	2022-2026	1,245,115	7.00-14.50	2022-2023	288,149
			1,562,915			970,106
			4,123,659			3,110,502

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**1,637,842**	1,858,572
In the second year	**159,400**	435,157
In the third to fifth years, inclusive	**158,400**	246,800
	1,955,642	2,540,529
Other borrowings repayable:		
Within one year	**922,902**	281,824
In the second year	**527,729**	288,149
In the third to fifth years, inclusive	**717,386**	–
	2,168,017	569,973
	4,123,659	3,110,502

Notes:

The Group's bank and other borrowings are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	**4,123,659**	1,505,522
RM	**–**	3,305
US$	**–**	1,601,675
	4,123,659	3,110,502

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

The Group's bank and other borrowings are secured by:

(a) Mortgages over the following assets:

(i) Certain of the Group's non-current assets are pledged for bank loans of RMB182,000,000 as at 31 August 2022 (2021: RMB119,830,000):

	2022 RMB'000	2021 RMB'000
Net book amount of:		
Property, plant and equipment (note 13(b))	**301,790**	140,432
Prepaid land lease payments (note 14(a))	**29,901**	55,995
	331,691	196,427

(ii) Buildings and car parks of the third parties:

As at 31 August 2022, the buildings and car parks owned by the former shareholders of Nanjing Jinken and their relatives, were pledged for the bank and other loans of the Group totalling RMB25,372,000 assumed from the acquisition (2021: RMB94,716,000).

(iii) The Company's time deposit amounting to RMB260,000,000 (note 23) as at 31 August 2022 (2021: RMB260,000,000) was pledged for the bank loans of the Group amounting to RMB250,000,000 (2021: RMB250,000,000).

(b) Pledges of equity interests in the following subsidiaries to secure the bank loans granted to the Group:

(i) 100% of the equity interest in Top Education has been pledged for the bank loans of RMB264,000,000 as at 31 August 2022 (2021: RMB364,000,000);

(ii) 100% of the equity interest in Sichuan Guojian Investment Limited, the guarantee granted by the Company, and the rights over tuition fees of Southwest Jiaotong University Hope College have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB757,715,000 as at 31 August 2022 (2021: Nil).

(iii) 100% of the equity interests in Shanghai Pumeng Zhichuan Education Technology Co., Ltd. and Kunshan Xinwei Education Investment & Development Co., Ltd. have been pledged for bank loans of RMB115,200,000 as at 31 August 2022 (2021: RMB134,400,000).

(iv) 100% of the equity interest in Taiyuan Xudong Technology Development Co., Ltd has been pledged for the bank loans of RMB150,000,000 as at 31 August 2022 (2021: Nil).

(v) 100% of the equity interest in Yonghe Education Investment Co., Ltd has been pledged for the bank loans of RMB200,000,000 as at 31 August 2022 (2021: Nil).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(c) The rights over tuition or boarding fees of the following schools:

	Loan amount 2022 RMB'000	2021 RMB'000
Sichuan Tianyi College	**19,732**	38,264
Sichuan Vocational College of Culture & Communication	**200,000**	–
Southwest Jiaotong University Hope College	**757,715**	185,000
Sichuan TOP IT Vocational Institute	**264,000**	364,000
Suzhou Top Institute, Kunshan Technical School	**115,200**	134,400
College of Science and Technology	**222,000**	232,000
Shaanxi University	**119,440**	–
Xian Siyuan Middle School	**14,647**	–
Guizhou Vocational Institute of Technology	**100,000**	–
Jinken Vocational and Technical College	**25,372**	48,076
	1,838,106	1,001,740

In addition, certain of the Group's bank loans are guaranteed by the following parties:

	Loan amount 2022 RMB'000	2021 RMB'000
Related parties' guarantees		
– Tequ Education and Mr. Wang Huiwu	**21,607**	–
– Third parties	**260,002**	332,420
– Mr. Wang Huiwu	**1,648,307**	134,400
	1,929,916	466,820
Former shareholders of:		
– Shaanxi University	**159,630**	–
– Nanjing Jinken	**100,372**	332,420
	1,929,916	466,820

28. CONVERTIBLE BONDS

	2022 RMB'000	2021 RMB'000
At beginning of year	**1,892,889**	–
Issue during the year	**–**	2,259,775
Repurchased during the year	**(140,698)**	–
Change in fair value credited to profit or loss	**(37)**	(375,954)
Foreign exchange loss charged to profit or loss	**119,760**	9,068
At end of year	**1,871,914**	1,892,889

On 2 March 2021, Tequ Mayflower Limited, a wholly-owned subsidiary of the Company completed the issue of Zero Coupon guaranteed convertible bonds (the "Bonds") with the aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,259,775,000) with a maturity date on 2 March 2026.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company, on or after 12 April 2021 to the close of business on the seventh day prior to the maturity date at an initial conversion price of HK$3.85 per share. The Bonds are redeemable at the option of the bondholders at 103.04 per cent. of the principal amount on 2 March 2024. Any convertible bonds not converted will be redeemed on 2 March 2026 at 105.11 per cent. of its principal amount.

The Group designated the convertible bonds (including the conversion option) as financial liabilities at fair value through profit or loss which are initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. The change in fair value that is attributed to change in credit risk is recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

During the year, the Group had repurchased the Bonds with the aggregate principal amount of US$34,900,000 at a consideration of US$20,991,250 (equivalent to approximately RMB140,698,000).

The fair values of the convertible bonds were determined by an independent qualified valuer based on the binomial model for the years ended 31 August 2022 and 2021.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Lease liabilities RMB'000	Contract liabilities RMB'000	Accrued expenses RMB'000	Loss available for offsetting against future taxable profits RMB'000	Total RMB'000
Year ended 31 August 2022					
At beginning of year	14,690	29,336	9,551	205	53,782
Deferred tax credited/(charged) to profit or loss during the year	(6,402)	(1,969)	406	772	(7,193)
Exchange realignment	(189)	(248)	(37)	8	(466)
At end of year	8,099	27,119	9,920	985	46,123
Year ended 31 August 2021					
At beginning of year	–	–	2,424	–	2,424
Deferred tax credited/(charged) to profit or loss during the year	(6,033)	2,384	982	–	(2,667)
Acquisition of subsidiaries	21,629	28,351	6,395	216	56,591
Exchange realignment	(906)	(1,399)	(250)	(11)	(2,566)
At end of year	14,690	29,336	9,551	205	53,782

29. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Accounting depreciation in short of tax depreciation RMB'000	Right-of-use assets RMB'000	Costs to obtain contracts RMB'000	Intracompany interest receivables RMB'000	Total RMB'000
Year ended 31 August 2022						
At beginning of year	71,414	50,601	13,735	823	–	136,573
Deferred tax charged/(credited) to profit or loss during the year	(783)	(1,316)	(6,126)	2,726	3,446	(2,053)
Exchange realignment	(555)	(398)	(178)	26	41	(1,064)
At end of year	70,076	48,887	7,431	3,575	3,487	133,456
Year ended 31 August 2021						
At beginning of year	5,687	–	–	–	–	5,687
Deferred tax charged/(credited) to profit or loss during the year	(6,315)	1,257	(6,365)	(637)	–	(12,060)
Acquisition of subsidiaries	75,634	51,842	20,965	1,520	–	149,961
Exchange realignment	(3,592)	(2,498)	(865)	(60)	–	(7,015)
At end of year	71,414	50,601	13,735	823	–	136,573

29. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**27,271**	31,382
Net deferred tax liabilities recognised in the consolidated statement of financial position	**114,604**	114,173

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

At 31 August 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, the Group's fund will be retained in Mainland China for the expansion of the Group's operations, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. At 31 August 2022, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB2,660,238,000 (2021: RMB2,070,574,000).

At 31 August 2022, the Group had unused tax losses arising in Mainland China from PRC entities and in Malaysia from INTI Group subject to income tax of RMB164,990,000 and RMB98,224,000, respectively. (2021: RMB55,466,000 and RMB97,803,000, respectively), which will expire in one to ten years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	2022 US$	2021 US$
Authorised:		
10,000,000,000 shares of US$0.00001 each (2021: 10,000,000,000 shares of US$0.00001 each)	**100,000**	100,000
Issued and fully paid:		
8,027,550,706 ordinary shares (31 August 2021: 7,981,260,173 ordinary shares) of US$0.00001 each	**80,276**	79,813
Equivalent to approximately	**RMB544,815**	RMB541,863

A summary of movements in the Company's issued capital is as follows:

	Number of shares in issue	Issued capital RMB
At 1 September 2021	7,981,260,173	541,863
Share options exercised	46,290,533	2,952
At 31 August 2022	8,027,550,706	544,815

Note:

The subscription rights attaching to 46,290,533 share options were exercised at the subscription price from HK$1.07 to HK$1.30 per share (note 31), resulting in the issue of 46,290,533 shares for a total cash consideration of RMB40,629,000. An amount of RMB16,391,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

31. SHARE OPTION SCHEME

The Company operates two share option schemes, including the share option scheme adopted on 18 March 2018 (the "2018 Pre-IPO Share Option Scheme") and the share option scheme adopted on 11 May 2022 (the "2022 Share Option Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

2018 Pre-IPO Share Option Scheme

On 18 March 2018, the Company adopted the 2018 Pre-IPO Share Option Scheme. The 2018 Pre-IPO Share Option Scheme became effective on 18 March 2018 and expired on 3 August 2018, the date on which the shares of the Company first commenced trading on the Stock Exchange, after which period no further Pre-IPO Share Options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Pre-IPO Share Options which are granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

(i) Movements in share options

The following share options were outstanding under the 2018 Pre-IPO Option Scheme during the year:

	2022		2021	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
At beginning of year	**1.16**	**276,577,787**	1.14	347,956,042
Exercised during the year	**1.07**	**(46,290,533)**	1.08	(71,378,255)
At end of year	**0.67**	**230,287,254**	1.16	276,577,787

31. SHARE OPTION SCHEME *(Continued)*

2018 Pre-IPO Share Option Scheme *(Continued)*

(ii) Outstanding share options

The exercise price and exercise periods of the share options granted under the 2018 Pre-IPO Share Option Scheme outstanding as at the end of the reporting period are as follows:

	Number of share options		Exercise price	
	2022	2021	per share HK$	Exercise period
Tranche A	**168,372**	168,372	0.6800	30.1.2019- 18.3.2038
Tranche B	**125,037,323**	171,191,856	1.0700	30.1.2019- 18.3.2038
Tranche C	**105,081,559**	105,217,559	1.3000	30.1.2019- 18.3.2038
	230,287,254	276,577,787		

2022 Share Option Scheme

On 11 May 2022, the Company adopted the 2022 Share Option Scheme and, unless otherwise cancelled or amended, will remain in force until 10 May 2032.

The maximum number of unexercised share options currently permitted to be granted under the 2022 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue on 18 March 2022.

On 11 May 2022, the Company granted a total of 612,505,822 equity-settled share options to the eligible participants under the 2022 Share Option Scheme at a nominal consideration of HK$1 in total by each of the grantee. The exercise price of the share options was fixed at HK$0.486 per share.

The actual number of share options becoming vested and exercisable is however conditional upon the fulfilment of the target of audited net profit for the year ended 31 August 2022.

The exercise period of the share options granted under the 2022 Share Option Scheme commences on 11 May 2023 and ends on a date which is not later than 10 May 2032 or the expiry date terminated in advance under the relevant requirements of the 2022 Share Option Scheme, if earlier.

The fair value of the share options granted under the 2022 Share Option Scheme during the year ended 31 August 2022 was RMB88,665,000 (RMB0.1448 each), of which the Group recognised a share option expense of RMB26,890,000 during the year ended 31 August 2022.

31. SHARE OPTION SCHEME *(Continued)*

2022 Share Option Scheme *(Continued)*

The fair value of equity-settled share options granted during the year ended 31 August 2022 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	8.39%
Expected volatility (%)	65.63%
Expected life	10 years
Risk-free interest rate (%)	3.06%
Forfeiture rate	4.25%-18.15%

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 46,290,533 share options exercised during the year resulted in the issue of 46,290,533 ordinary shares of the Company and new issued capital of approximately RMB3,000, as further detailed in note 30 to the financial statements, of which RMB16,391,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

At 31 August 2022, the Company had 230,287,254 share options outstanding under the 2018 Pre-IPO Share Option Scheme and 612,505,822 share options outstanding under the 2022 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 842,793,076 additional ordinary shares of the Company and additional share capital of US$8,428 (equivalent to approximately RMB58,074) and share premium of RMB498,743,000 (before issue expenses).

Subsequent to the end of the reporting period, on 30 November 2022, a total of 190,000,000 share options were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year.

At the date of approval of these financial statements, the Company had 1,032,793,076 share options outstanding in total under the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme, which represented approximately 12.9% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 133 of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time when the proposed dividend is to be paid.

Capital reserve

The capital reserve represents the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries.

Statutory surplus reserves

Pursuant to the relevant laws 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) the general reserve of the limited liability companies and (ii) the development fund of schools.

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

(ii) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund not less than 10% of the audited annual net income of the relevant school, while a non-profit private school is required to appropriate to the development fund not less than 10% of the audited annual increase in non-restricted net assets of the relevant school. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

33. BUSINESS COMBINATIONS

(a) On 18 November 2021, the Group acquired a 100% equity interest in Faith Star (Thailand) Company Limited and its subsidiary, Shinawatra University (the "Shinawatra University Group"), which is engaged in the provision of private higher education services in Thailand. The purchase consideration was THB1,039,000,000 (equivalent to approximately RMB204,528,000).

Shinawatra University was acquired to facilitate the Group to explore the development of its overseas presence and to realise the synergy between the domestic and foreign schools of the Group.

(b) On 25 February 2022, the Group acquired a 70% sponsor right in Shaanxi University from independent third parties (the "Sellers"). As part of the agreement, the Group granted one of the Sellers a right to sell the remaining sponsor right of 30% to the Group at any time at a consideration, which is dependent on the audited earnings before interest, taxes, depreciation and amortisation of Shaanxi University of the preceding year when put option was exercised. The put option granted is accounted for as a financial liability and is initially recognised at fair value of the liability and subsequently measured at amortised cost. The total consideration of the acquisition of the above-mentioned 100% sponsor right is RMB793,871,000.

The acquisition of Shaanxi University will further expand the Group's school network and coverage, increase the total number of students of the Group, improve profitability and will form strong synergies with other schools of the Group.

The principal activities of the above newly acquired schools are disclosed in note 1 to the financial statements.

The acquisitions of the Shinawatra University Group and Shaanxi University have been accounted for using the acquisition method.

33. BUSINESS COMBINATIONS *(Continued)*

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

	Notes	Shinawatra University Group RMB'000	Shaanxi University RMB'000	Total RMB'000
Property, plant and equipment	13	193,262	645,428	838,690
Right-of-use assets	14	–	220,257	220,257
Other intangible assets	17	–	476,319	476,319
Cash and bank balances		33,754	391	34,145
Pledged and restricted deposits		–	1,660	1,660
Trade receivables		1,655	–	1,655
Prepayments and other receivables		392	46,817	47,209
Due from a related party		–	47,827	47,827
Contract liabilities	5	(4,177)	(171,847)	(176,024)
Accruals and other payables		(5,931)	(347,934)	(353,865)
Due to the Group		(11,922)	(143,250)	(155,172)
Bank loans and other borrowings		–	(585,251)	(585,251)
Due to a related party		–	(26,028)	(26,028)
Trade payables		(700)	–	(700)
Tax payables		–	(10,808)	(10,808)
Lease liabilities	14	–	(6,969)	(6,969)
Deferred income	26	–	(88,811)	(88,811)
Total identifiable net assets at fair value		206,333	57,801	264,134

In the opinion of the Directors, the fair values of trade receivables and prepayments and other receivables as at the respective acquisition dates of the Shinawatra University Group and Shaanxi University amounted to RMB2,047,000 and RMB46,817,000, respectively. The total gross contractual amounts of trade receivables and prepayments and other receivables of the Shinawatra University Group and Shaanxi University were RMB2,047,000 and RMB477,879,000, respectively, of which other receivables of RMB431,062,000 of Shaanxi University are expected to be uncollectible.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The Group incurred transaction costs of RMB514,000 and RMB690,000 during the years ended 31 August 2022 and 2021, respectively, for the acquisition of the Shinawatra University Group. These transaction costs have been expensed and are included in other expenses in the profit or loss.

33. BUSINESS COMBINATIONS *(Continued)*

Goodwill arising from the above acquisitions:

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

* The identifiable net assets for Shaanxi University acquired should be subjected to the provisional payable for the land use right, of which the Group is in customary process of obtaining the relevant certificate. Therefore, the identifiable net assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 25 February 2023 (one year after the transaction).

The gain on bargain purchase arose from the increase in fair value of the property, plant and equipment of the Shinawatra University Group and the need of the vendor to dispose of the investment as a result of the lack of management experience in operating an education institute.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of acquirees with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

33. BUSINESS COMBINATIONS *(Continued)*

Analyses of the cash flows in respect of the above acquisitions are as follows:

	Shinawatra University Group RMB'000	Shaanxi University RMB'000	Total RMB'000
Cash paid during the year	(181,573)	–	(181,573)
Cash and cash equivalents acquired	33,754	391	34,145
Net inflow/(outflow) of cash and cash equivalents included in cash flows used in investing activities	(147,819)	391	(147,428)

Contribution to the Group's revenue and consolidated profit for the year ended 31 August 2022 since the respective acquisition dates are as follows:

	Shinawatra University Group RMB'000	Shaanxi University RMB'000	RMB'000
Revenue	29,108	179,660	208,768
Consolidated profit/(loss)	6,562	(33,361)	(26,799)

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 August 2022 would have been increased by:

	Shinawatra University Group RMB'000	Shaanxi University RMB'000	RMB'000
Revenue	38,474	394,563	433,037
Consolidated profit/(loss)	8,983	(10,626)	(1,643)

34. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

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

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

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

Related parties	Relationships
Mr. Wang Huiwu	One of the ultimate jointly controlling parties
Mr. Wang Degen	One of the ultimate jointly controlling parties
Sichuan Tequ Investment Group Ltd. ("Tequ Investment Group")	One of the jointly controlling shareholders
Sichuan Mayflower Enterprise Management Co., Ltd. ("Sichuan Mayflower")	One of the jointly controlling shareholders
Sichuan Tequ Education Management Co., Ltd. ("Tequ Education")	A company jointly controlled by the controlling shareholders
Ziyang Automobile Science and Technology Vocational College ("Ziyang Automobile College")	A school controlled by Tequ Education
College of Science and Technology	Joint venture of the Group before 31 May 2021
Sichuan Mayflower Wine Sales Co., Ltd ("Mayflower Wine Sales")	A company controlled by a close relative of Mr. Wang Huiwu
Mr. Wang Xiaoqiang	Close relative of Mr. Wang Huiwu
Sichuan Rongxing Driving School Co., Ltd. ("Rongxing Driving School")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Xiwang Tianyuan Insurance Co., Ltd. ("Tianyuan Insurance")	A company controlled by Mr. Wang Huiwu

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship *(Continued)*

Related parties	Relationships
Sichuan Wuyang Construction Project Company Limited ("Wuyang Construction")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Mayflower Senior Technical School ("Chengdu Mayflower Technical")	A school controlled by Tequ Education
Chengdu Jinniu District Tianyi School	A school controlled by Tequ Education
Guizhou Mayflower Real Estate Development Co. Ltd ("Guizhou Mayflower Property")	A company controlled by Sichuan Mayflower
Chengdu Wanfengyuan Catering Service Co. Ltd ("Chengdu Wanfengyuan Catering Service")	A company controlled by a close relative of Mr. Wang Huiwu
Dingli Corp., Ltd. ("Dingli")	A company controlled by Mr. Wang Huiwu
Mianzhu Jinwuyue Real Estate Development Co., Ltd. ("Mianzhu Jinwuyue")	A company controlled by Sichuan Mayflower
Fuquan Jinwuyue Real Estate Development Co., Ltd. ("Fuquan Jinwuyue")	A company controlled by Sichuan Mayflower
Qixian Mayflower Real Estate Development Co., Ltd ("Qixian Mayflower")	A company controlled by Sichuan Mayflower
Chengdu Pengyang Enterprise Management Consulting Limited ("Chengdu Pengyang")	A company controlled by Mr. Wang Huiwu
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Sichuan Tequ Mayflower")	A company controlled by Mr. Wang Huiwu
Chengdu Hongwuyue Film and Television Production Advertising Co., Ltd ("Chengdu Hongwuyue")	A company controlled by Tequ Education
Gongqing College of Nanchang University	Joint venture of the Group
Xian Siyuan Middle School	A school legally owned by the Group
Meishan Tequ Shuanglin Education Consultation Ltd. ("Shuanglin Education")	A company controlled by Tequ Investment Group before 21 June 2022
Meishan Tequ Linjia Education Consulting Co., Ltd. ("Meishan Tequ Linjia")	A company controlled by Tequ Investment Group before 21 June 2022
Sichuan Mayflower Construction Project Co., Ltd. ("Sichuan Mayflower Construction")"	A company controlled by Mr. Wang Huiwu
Sichuan Top Computer Vocational School	A school controlled by Tequ Education
Meishan Tequ Bolin Enterprise Management Co., Ltd. ("Tequ Bolin")	An associate of Tequ Investment Group

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

(i) Loans provided to related parties:

	2022 RMB'000	2021 RMB'000
Joint ventures*		
Loans provided	79,751	23,000
Loans received	(88,445)	(181,000)
Interest expense charged	754	12,038
Interest received	(765)	(22,586)
Effective interest rate, per annum	6-8%	6-8%
Shuanglin Education**	181,587	–

* The Group provided loans to and received loans repaid by Gongqing College of Nanchang University during the year (2021: provided and received loans by College of Science and Technology).

** The interest-free loan provided to Shuanglin Education during the year ended 31 August 2022 was for the payment of land and further information can be found in the Company's announcement dated 24 December 2021.

The above loans are unsecured with maturity date within one year.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with related parties *(Continued)*

(ii) Loans received from related parties:

	2022 RMB'000	2021 RMB'000
Loans received*	**463,093**	390,307
Loans repaid*	**(376,426)**	(216,245)
Interest expense charged	**22,379**	6,727
Interest paid	**(13,556)**	–
Effective interest rate, per annum	**nil-10%**	6%

The Group received loans from and repaid loans to Mr. Wang Huiwu, Sichuan Mayflower Construction and Sichuan Tequ Mayflower during the year (2021: received loans from and repaid loans to Mr. Wang Huiwu).

(iii) Procurement of property, equipment and fixtures

	2022 RMB'000	2021 RMB'000
Wuyang Construction	**101,522**	28,582
Guizhou Mayflower Property	**39,664**	796
Mianzhu Jinwuyue	**93,533**	–
Mr. Wang Huiwu	**12,496**	–
Fuquan Jinwuyue	**62,629**	–
Qixian Mayflower	**15,577**	–
Other related parties	**172**	37
Total	**325,593**	29,415

The considerations for the construction and procurement of properties were determined at prices mutually agreed between the Group and its related parties with reference to the arm's length pricing obtained from the market or better with reference to the valuation of the property by the independent valuer.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with related parties *(Continued)*

(iv) Goods purchased and services received from related parties

	2022 RMB'000	2021 RMB'000
Mayflower Wine Sales	**2,374**	2,537
Chengdu Wanfengyuan Catering Service	**2,381**	1,255
Dingli	**–**	5,712
Other related parties	**2,966**	2,213
Total	**7,721**	11,717

The purchases of goods or services from the related parties were determined at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

(v) Properties leased to related parties

	2022 RMB'000	2021 RMB'000
Ziyang Automobile College	**2,564**	1,931
Rongxing Driving School	**1,390**	1,390
Other related parties	**1,341**	1,724
Total	**5,295**	5,045

Rental charges were determined at prices mutually agreed between the Group and its related parties with reference to the prevailing market price of local properties in vicinity with similar size and quality.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with related parties *(Continued)*

(vi) Goods sold and services provided to related parties

	2022 RMB'000	2021 RMB'000
College of Science and Technology	–	23,869
Gongqing College of Nanchang University	27,670	12,100
Chengdu Wanfengyuan Catering Service	2,526	1,195
Chengdu Jinniu District Tianyi School	–	1,621
Other related parties	958	1,435
Total	31,154	40,220

Goods sold and services provided to the related parties were charged at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

(vii) Acquisition of an equity interest from a related party

On 23 December 2021, the Group acquired a 100% equity interest in Meishan Tequ Bolin Real Estate Limited from Tequ Bolin, an associate of Tequ Investment Group, at a consideration of RMB50,000,000. The above acquisition has been accounted for as an acquisition of assets as this acquisition had no attribution of a business.

The related party transactions in respect of the purchase of properties and properties leased to related parties constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Balances with related parties

The Group had outstanding balances due from and to related parties at the end of the reporting period.

Amounts due from related parties

	2022 RMB'000	2021 RMB'000
Non-trade in nature – current		
Gongqing College of Nanchang University	14,442	23,115
Trade in nature – current		
Chengdu Mayflower Technical	1,793	18,803
Gongqing College of Nanchang University	9,322	6,848
Chengdu Mayflower Property Management	1,850	2,309
Ziyang Automobile College	4,536	1,676
Guizhou Mayflower Property	1,313	1,313
Xian Siyuan Middle School	7,401	–
Shuanglin Education	181,587	–
Chengdu Pengyang	507,000	–
Chengdu Wanfengyuan Catering Service	1,429	–
Others	2,561	2,565
Total current	733,234	56,629
Trade in nature – non-current		
Meishan Tequ Linjia	50,000	–
	783,234	56,629

Except for the amount due from Gongqing College of Nanchang University of RMB14,442,000, amounts due from the related parties are unsecured, interest-free and have no fixed terms of repayment.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Balances with related parties (Continued)

Amounts due to related parties

	2022 RMB'000	2021 RMB'000
Non-trade in nature – current		
Mr. Wang Huiwu	355,922	179,905
Sichuan Mayflower Construction	27,501	–
Sichuan Tequ Mayflower	18,000	–
	401,423	179,905
Trade in nature – current		
Wuyang Construction	80,941	15,518
Gongqing College of Nanchang University	4,620	–
Sichuan Tequ Mayflower	49,314	–
Sichuan Top Computer Vocational School	3,889	–
Others	3,592	3,712
	142,356	19,230
	543,779	199,135

Except for the amounts due to Mr. Wang Huiwu of RMB13,549,000 and amounts due to Sichuan Mayflower Construction of RMB27,501,000, amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

35. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

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

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	**3,149**	3,704
Equity-settled share option expense	**2,195**	–
Pension scheme contributions	**187**	162
	5,531	3,866

Further details of directors' emoluments are included in note 8 to the financial statements.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash additions to amount due to a related party of RMB100,000,000 (2021: Nil) in respect of the acquisition of Shaanxi University, of which partial consideration was satisfied by the amount due to a related party.

(ii) During the year, the Group had non-cash repayment of loans with its deposits amounted to RMB15,839,000 (2021: Nil).

(iii) During the year, the Group had non-cash reclassification of lease liabilities and other payables amounted to RMB17,005,000 (2021: Nil) and RMB17,005,000 (2021: Nil), respectively, due to a present obligation to settle the remaining lease payments upon receiving the statutory demand letter demanding a full sum settlement of rental when the lease was early terminated.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals RMB'000	Lease liabilities RMB'000	An amount due to a related party RMB'000	Total RMB'000
31 August 2022						
At 1 September 2021	3,110,502	1,892,889	120,137	171,395	179,905	5,474,828
Changes from financing cash flows	411,974	(140,698)	(238,476)	(27,959)	73,111	77,952
Non-cash changes:						
New leases	–	–	–	1,451	–	1,451
Fair value changes of convertible bonds	–	(37)	–	–	–	(37)
Foreign exchange differences	(3,807)	119,760	–	(514)	–	115,439
Increase arising from acquisition of subsidiaries	585,251	–	138,892	6,969	26,028	757,140
Lease modification	–	–	–	(342)	–	(342)
Amount due to a related party	–	–	–	–	100,000	100,000
Repayment of loans with its deposits	(15,839)	–	–	–	–	(15,839)
Offset with deposits	(5,234)	–	–	–	–	(5,234)
Reclassified to other payables	–	–	–	(17,005)	–	(17,005)
Interest capitalised	–	–	14,224	–	–	14,224
Interest expense	40,812	–	173,517	9,508	22,379	246,216
At 31 August 2022	4,123,659	1,871,914	208,294	143,503	401,423	6,748,793
31 August 2021						
At 1 September 2020	3,113,405	–	141,914	149,094	–	3,404,413
Changes from financing cash flows	(363,784)	2,259,775	(256,134)	(37,284)	174,062	1,776,635
Non-cash changes:						
New leases	–	–	–	2,893	–	2,893
Fair value changes of convertible bonds	–	(375,954)	–	–	–	(375,954)
Foreign exchange differences	(56,587)	9,068	49	(2,204)	(884)	(50,558)
Increase arising from acquisition of subsidiaries	426,253	–	–	51,222	–	477,475
Lease modification	–	–	–	(1,716)	–	(1,716)
Gain on restructuring of a debt	–	–	(2,000)	–	–	(2,000)
Covid-19-related rent concession from a lessor	–	–	–	(1,927)	–	(1,927)
Syndicated loan arrangement fees	(31,248)	–	–	–	–	(31,248)
Interest capitalised	–	–	18,796	–	–	18,796
Interest expense	22,463	–	217,512	11,317	6,727	258,019
At 31 August 2021	3,110,502	1,892,889	120,137	171,395	179,905	5,474,828

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	**4,128**	319
Within investing activities	**625,086**	471,900
Within financing activities	**27,959**	37,284
	657,173	509,503

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2022 RMB'000	2021 RMB'000
Financial assets at amortised cost:		
Cash and cash equivalents	**2,725,264**	4,357,287
Financial assets included in prepayments, deposits and other receivables	**1,224,048**	978,984
Trade receivables	**127,124**	126,106
Pledged and restricted deposits	**308,250**	457,117
Amounts due from related parties	**551,647**	56,629
	4,936,333	5,976,123

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows (continued):

Financial liabilities

	2022 RMB'000	2021 RMB'000
Financial liabilities at fair value through profit or loss:		
Convertible bonds	**1,871,914**	1,892,889
Derivative financial instruments	**–**	2,817
	1,871,914	1,895,706
Financial liabilities at amortised cost:		
Trade payables	**58,579**	57,709
Amounts due to related parties	**543,779**	199,135
Interest-bearing bank and other borrowings	**4,123,659**	3,110,502
Lease liabilities	**143,503**	171,395
Liability of a put option granted to a shareholder	**313,098**	–
Financial liabilities included in other payables and accruals	**3,321,094**	3,175,400
	8,503,712	6,714,141

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	31 August 2022 RMB'000	31 August 2021 RMB'000	**31 August 2022 RMB'000**	31 August 2021 RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	**36,193**	296,083	**36,193**	296,083
Financial liabilities				
Other payables, non-current portion	**572,033**	619,452	**572,033**	619,452
Liability of a put option granted to a shareholder	**313,098**	–	**313,098**	–
Convertible bonds	**1,871,914**	1,892,889	**1,871,914**	1,892,889
Derivative financial instruments		2,817	**–**	2,817
Interest-bearing bank loans, non-current portion	**1,562,915**	970,106	**1,588,139**	951,972
	4,319,960	3,485,264	**4,345,184**	3,467,130

Management has assessed that the fair values of cash and cash equivalents, trade receivables, the current portion of the pledged and restricted deposits, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, trade payables, short-term interest-bearing bank and other borrowings and the current portion of amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

The Group has estimated the fair value of the non-current portion of pledged and restricted deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the non-current interest-bearing bank and other borrowings, and the non-current other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current financial liabilities as at 31 August 2022 were assessed to be insignificant.

The fair value of convertible bonds are measured using the binomial model. The model incorporates unobservable inputs including share price volatility and discount rate. Below is a summary of significant unobservable inputs to the valuation of convertible bonds together with a quantitative sensitivity analysis as at 31 August 2022:

	Valuation technique	Significant unobservable input	Rate	Sensitivity of fair value to the input
Financial liabilities designated as at fair value through profit or loss (convertible bonds)	Binomial model	Volatility of share price	55.40% (2021: 57.61%)	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB613,000/ RMB972,000/
		Discount rate	12.53% (2021: 9.93%)	5% increase/decrease in multiple would result in decrease/increase in fair value by RMB4,341,000/ RMB4,362,000/

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
As at 31 August 2022				
Convertible bonds	**–**	**–**	**1,871,914**	**1,871,914**
As at 31 August 2021				
Convertible bonds	–	–	1,892,889	1,892,889
Derivative financial instruments	–	2,817	–	2,817
	–	2,817	1,892,889	1,895,706

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
As at 31 August 2022				
Pledged and restricted deposits, non-current portion	**–**	**36,193**	**–**	**36,193**
As at 31 August 2021				
Pledged and restricted deposits, non-current portion	–	296,083	–	296,083

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
As at 31 August 2022				
Interest-bearing bank loans, non-current portion	**–**	**–**	**1,588,139**	**1,588,139**
Liability of a put option granted to a shareholder	**–**	**–**	**313,098**	**313,098**
Other payables, non-current potion	**–**	**–**	**572,033**	**572,033**
	–	**–**	**2,473,270**	**2,473,270**
As at 31 August 2021				
Interest-bearing bank loans, non-current portion	–	–	951,972	951,972
Other payables, non-current potion	–	–	619,452	619,452
	–	–	1,571,424	1,571,424

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and financial assets included in prepayments, deposits, other receivables and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other payables and accruals, amounts due from related parties and amounts due to related parties, which arise directly from its operations.

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's interest-bearing bank and other borrowings. The interest rates and terms of repayments of the borrowings are disclosed in note 27 to the financial statements. The Group manages its interest rate exposure arising from its interest-bearing bank loans through the use of fixed rates.

The Group does not consider that it has any significant exposure to the risk of changes in market interest rates as the Group does not have any long-term receivables and loans which are subject to floating interest rates.

Foreign currency risk

The Group had currency exposures from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and HK$, with all other variables held constant, of the Group's profit after tax.

	Increase/ (decrease) in US$/HK$/THB rate %	Increase/ (decrease) in profit after tax RMB'000
At 31 August 2022		
If the RMB weakens against US$	**(0.5)**	**(7,847)**
If the RMB strengthens against US$	**0.5**	**7,847**
If the RMB weakens against HK$	**(0.5)**	**(1,777)**
If the RMB strengthens against HK$	**0.5**	**1,777**
At 31 August 2021		
If the RMB weakens against US$	(0.5)	(13,670)
If the RMB strengthens against US$	0.5	13,670
If the RMB weakens against HK$	(0.5)	12
If the RMB strengthens against HK$	0.5	(12)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. Deposits are mainly placed with licensing banks which are all financial institutions of high credit quality. The Group's maximum exposure to credit risk refers to the carrying amounts of cash and cash equivalents, trade and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and fiscal year-end staging classification as at 31 August 2022 and 31 August 2021. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 August 2022					
Financial assets included in prepayments, deposits and other receivables					
– Normal**	485,388	–	–	–	485,388
– Doubtful**	–	143,349	595,311	–	738,660
Cash and cash equivalents	2,725,264	–	–	–	2,725,264
Pledged and restricted deposits	308,250	–	–	–	308,250
Trade receivables*	–	–	–	127,124	127,124
Amounts due from related parties	551,647	–	–	–	551,647
	4,070,549	143,349	595,311	127,124	4,936,333

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2021					
Financial assets included in prepayments, deposits and other receivables					
– Normal**	417,081	–	–	–	417,081
– Doubtful**	–	–	561,903	–	561,903
Cash and cash equivalents	4,357,287	–	–	–	4,357,287
Pledged and restricted deposits	457,117	–	–	–	457,117
Trade receivables*	–	–	–	126,106	126,106
Amounts due from related parties	56,629	–	–	–	56,629
	5,288,114	–	561,903	126,106	5,976,123

* For trade receivables to which the Group applies the simplified approach for impairment, the expected loss allowance for these balances was not material during the reporting period.

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

As at 31 August 2022 and 31 August 2021, substantially all of the bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes that they are of high credit quality without significant credit risk.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

All of the trade receivables, other receivables and amounts due from related parties have no collateral or guarantee, except for the loans and interest receivables from third parties (note 22(a)). The Group assesses the credit quality of the counterparties by taking into account their financial position, credit history of failure to make payments on their contractual due date, the existence of forecast changes in the market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follows up disputes or amounts overdue, if any. Management is of the opinion that the risk of default by counterparties is low.

For loans and interest receivables from the third parties with collaterals, management is of the opinion that the expected cash flows to receive from the sale of collaterals held, discounted at an approximation of the original effective interest rate, are higher than the aggregate amounts of the loans and the interest receivables with collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group assessed that the expected credit losses for these receivables without collateral and amounts due from related parties are not material under the 12-month expected credit loss method. Thus, no loss allowance provision was recognised during the years ended 31 August 2022 and 31 August 2021.

At the end of the reporting period, the Group had certain concentrations of credit risk as 38% (2021: 57%) of the Group's trade receivables were due from the government agencies, within the domestic education segment. The Group has delegated a team responsible for determination of monitoring procedures to ensure that there will be a follow-up action to recover these trade receivables.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, convertible bonds and lease liabilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 August 2022					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Convertible bonds	–	–	–	2,282,178	–	2,282,178
Interest-bearing bank and other borrowings	3,570	523,329	2,119,750	1,853,391	–	4,500,040
Financial liabilities included in other payables and accruals	3,015,866	124,745	419,237	328,040	391,950	4,279,838
Lease liabilities	–	5,938	18,027	101,072	9,485	134,522
Trade payables	–	13,722	44,857	–	–	58,579
Amounts due to related parties	543,779	–	–	–	–	543,779
	3,563,215	667,734	2,601,871	4,564,681	401,435	11,798,936

	31 August 2021					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Convertible bonds	–	–	–	2,379,443	–	2,379,443
Derivative financial instruments	–	2,817	–	–	–	2,817
Interest-bearing bank and other borrowings	3,570	1,889,220	365,881	1,017,575	–	3,276,246
Financial liabilities included in other payables and accruals	1,896,852	95,665	586,570	328,040	473,960	3,381,087
Lease liabilities	–	8,438	25,542	125,518	50,198	209,696
Trade payables	–	–	57,709	–	–	57,709
Amounts due to related parties	199,135	–	–	–	–	199,135
	2,099,557	1,996,140	1,035,702	3,850,576	524,158	9,506,133

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group will minimise the capital expenditure and renew or extend its short-term loans as part of capital management.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 August 2022 and 31 August 2021.

The debt-to-asset ratio as at the end of the year is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Total liabilities	**14,265,244**	12,087,427
Total assets	**22,313,069**	19,894,254
Debt-to-asset ratio	**64%**	61%

40. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group had no events after reporting period that need to be disclosed.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Due from subsidiaries	**4,025,846**	4,039,318
Investments in subsidiaries	**1,726,774**	2,068,214
Pledged and restricted deposits	**260,000**	260,000
Total non-current assets	**6,012,620**	6,367,532
CURRENT ASSETS		
Prepayments and other receivables	**22,085**	13,382
Pledged and restricted deposits	**–**	11,739
Cash and cash equivalents	**306,011**	1,668,369
Due from subsidiaries	**1,275,313**	1,180,000
Total current assets	**1,603,409**	2,873,490
CURRENT LIABILITIES		
Other payables and accruals	**52,191**	37,994
Amount due to a subsidiary	**2,119,077**	2,259,775
Amount due to a related party	**355,922**	12,439
Syndicated loan	**–**	1,601,675
Total current liabilities	**2,527,190**	3,911,883
NET CURRENT LIABILITIES	**(923,781)**	(1,038,393)
NET ASSETS	**5,088,839**	5,329,139
EQUITY		
Issued capital	**545**	542
Reserves (note)	**5,088,294**	5,328,597
Total equity	**5,088,839**	5,329,139

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2020	3,622,354	118,469	(70,426)	3,670,397
Placing of new shares	1,586,331	–	–	1,586,331
Share issue expenses	(13,607)	–	–	(13,607)
Issue of shares upon the exercise of share options – 2018 Pre-IPO Share Option Scheme	89,810	(25,178)	–	64,632
Profit and total comprehensive income for the year	–	–	86,778	86,778
Final 2020 dividend declared	(65,934)	–	–	(65,934)
At 31 August 2021 and 1 September 2021	5,218,954	93,291	16,352	5,328,597
Issue of shares upon the exercise of share options – 2018 Pre-IPO Share Option Scheme	57,017	(16,391)	–	40,626
Loss and total comprehensive loss for the year	–	–	(48,888)	(48,888)
Equity-settled share option – 2022 Share Option Scheme	–	26,890	–	26,890
Final 2021 dividend declared	(258,931)	–	–	(258,931)
At 31 August 2022	5,017,040	103,790	(32,536)	5,088,294

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 30 November 2022.

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

"2018 Pre-IPO Share Option Scheme"	The 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on 18 March 2018 for the benefit of, amongst others, our Group's directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers, a summary of the principal terms of which is set out in "Appendix V – Statutory and General Information" of the Prospectus
"Automotive College"	Sichuan Hope Automotive Vocational College* (四川希望汽車職業學院)
"Automotive Technician College"	Sichuan Hope Automotive Technician College* (四川希望汽車技師學院)
"Board" or "Board of Directors"	The board of Directors of the Company
"Business Day"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CG Code" or "Corporate Governance Code"	The code on corporate governance practices set out in Appendix 14 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"College of Culture & Communication"	Sichuan Vocational College of Culture & Communication* (四川文化傳媒職業學院)
"College of Science and Technology"	Guizhou Qiannan College of Science and Technology* (貴州黔南科技學院)
"Company" or "our Company"	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
"Director(s)"	The directors of our Company
"Gansu College"	Baiyin Hope Vocational and Technical College* (白銀希望職業技術學院)
"Gongqing College"	Gongqing College of Nanchang University（南昌大學共青學院）

"Group," "our Group," "We" or "Us"	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"Guizhou Institute of Technology"	Guizhou Vocational Institute of Technology* (貴州應用技術職業學院)
"HK$" or "Hong Kong Dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"Hope Education"	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
"Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
"IFRS"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"Jiexing Huilv"	Guizhou Jiexing Huilv Air Service Consultant Services Limited (貴州捷星慧旅航空空乘諮詢服務有限公司), a limited liability company established under the laws of PRC on 9 September 2010
"Jinci College"	Jinci College of Shanxi Medical University (山西醫科大學晉祠學院)
"Jinken College"	Jinken College of Technology（金肯職業技術學院）
"Listing"	The listing of the Company's Shares on the Main Board
"Listing Date"	3 August 2018, the date on which the Company's Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MOE"	Ministry of Education of the PRC
"M&A"	Mergers and acquisitions
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	The twelve months ended 31 August 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shaanxi University"	Xi'an Siyuan University* (西安思源學院)
"Share(s)"	Ordinary share(s) of a nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Shinawatra University Group"	Faith Star (Thailand) Company Limited and its subsidiary Shinawatra University
"Sichuan TOP Institute"	Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院)
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tequ Education"	Sichuan Tequ Education Management Limited* (四川特驅教育管理有限公司), a limited liability company established under the laws of PRC on 30 November 2017 following the division under reorganization, the shareholding of which largely mirrors that of Hope Education and is indirectly controlled by Mr. Wang Huiwu

DEFINITIONS

“Tianyi College”	Sichuan Tianyi College* (四川天一學院)
“U.S.” or “United States”	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Dollar(s)” or “US$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“Yinchuan Group”	The six entities the Group acquired in 2019, namely Yinchuan University of Energy, Yinchuan Vocational School of Science and Technology, Vocational-technical Training Center of Yinchuan University, Ningxia Modern Senior Technical School, Car Driving Training School of Yinchuan University Education Group, and Auto Repair Factory of Yinchuan University Education Group
“%”	Percent