



希望教育集团

HOPE EDUCATION GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1765



2023 Interim Report

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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

Mr. Zhang Jin
Mr. Liu Zhonghui (*appointed with effect from 1 January 2023*)
Mr. Xiang Chuan (*appointed with effect from 1 January 2023*)
Mr. Chen Yunhua (*resigned with effect from 1 January 2023*)
Dr. Gao Hao (*resigned with effect from 1 January 2023*)

Audit Committee

Mr. Zhang Jin (*Chairman*)
Mr. Lu Zhichao
Mr. Tang Jianyuan
Mr. Liu Zhonghui (*appointed with effect from 1 January 2023*)
Mr. Xiang Chuan (*appointed with effect from 1 January 2023*)
Mr. Chen Yunhua (*resigned with effect from 1 January 2023*)
Dr. Gao Hao (*resigned with effect from 1 January 2023*)

Nomination and Remuneration Committee

Mr. Liu Zhonghui (*Chairman*) (*appointed with effect from 1 January 2023*)
Mr. Wang Huiwu
Mr. Xiang Chuan (*appointed with effect from 1 January 2023*)
Mr. Chen Yunhua (*Chairman*) (*resigned with effect from 1 January 2023*)
Dr. Gao Hao (*resigned with effect from 1 January 2023*)

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

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PRINCIPAL BANKERS

Bank of China
China Minsheng Bank

COMPANY'S WEBSITE

www.hopeedu.com

STOCK CODE

1765

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

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

We 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 RMB854 million. Such funds were mainly used for the expansion of school capacity, upgrading the teaching environment and construction of practical training projects. During the Reporting Period, the Group has invested in an additional 132 training centres in aspects of big data, artificial intelligence, internet of things, communications laboratories, software development training units, rail transit virtual training units, rail transit station concourse training units, force thermal/electromagnetics laboratories and CAD training units, which provided us with more than 20,000 square metres of additional practicum and training units.

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

We always adhere to pro-employment strategies and strengthen the pro-employment policies. The Group incorporates specific requirements for skill development as teaching modules into its teaching programmes, solidly carries out the students' obtainment of vocational qualification certificates and skill level certificates in various levels and types, takes the initiative in promoting multi-channel and high-quality employment for graduates by all means at the same time, and fully promotes the integration of industry and education, school-enterprise cooperation, collaborative education, integration and innovation, as well as joint construction and sharing. During the Reporting Period, the employment department visited more than 1,100 enterprises offline and contacted more than 4,200 enterprises online. A total of 46 large-scale mutual selections and 661 special job fairs have been held, offering more than 140,000 internship and employment positions. Since the Listing, we have provided more than 300,000 talents on different levels with various applicable and technical skills for society, making contributions to the economic development of society.

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

With our increasing efforts in recruiting teachers, we welcomed more than 1,000 teachers, among which, our talents with professional skill levels or above had reached more than 100 individuals, at the same time, 2,628 various training were actively conducted internally to build up the talent pipeline. During the Reporting Period, the remuneration paid to our teachers amounted to RMB514 million, representing an increase of 32.4% year over year. All of our schools have 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, which earned us a total of 171 awards, including 41 national awards and 114 provincial awards. Through talent recruitment, diversified training and "promoting training by competitions", the overall quality of our teachers has been advanced.

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

Emphasizing the “combination of morality and technology as well as education and training”, we actively promoted the integration of industry and education, school-enterprise cooperation and collaborative education in our schools. We have consecutively established long-term partnerships with more than 3,000 enterprises and public institutions, including China Railway No.8 Engineering (中鐵八局), China Nuclear Industry (中核工業), CR Chengdu (成都鐵路局), China Railway Wuhan Electrification Bureau (中鐵武漢電氣化局), ZTE Corporation (中興通訊), CATL (寧德時代), BYD (比亞迪), China Aviation Lithium Battery (中航鋰電), BOE (京東方), Chery Automobile (奇瑞汽車), Great Wall Motor (長城汽車) 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. We have strived to build our “online and offline” employment platform, fully explore enterprise resources in accordance with the needs of the profession, and serve the needs of the local economy.

5. Sharing quality resources and promoting internationalization of vocational education

In response to the national “Belt and Road Initiative”, we continued to step up our investment efforts in the internationalization of education. The latest international student enrolment of INTI International University in Malaysia increased by 77% year over year, at the same time, it successfully held 4 international seminars, including ICIT and NSLC, and organized more than 550 campus activities to further enhance the brand awareness of the college in the ASEAN regions.

In January 2023, with the approval of the Ministry of Higher Education of Thailand, Shinawatra University officially changed its name to Metharath University. In the Internal Quality Assurance (IQA) of the Ministry of Higher Education of Thailand, Metharath University was awarded “Excellent” (4.0+/5) and ranked among the top five private higher education institutions in Thailand.

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

In the 2022–2023 school year, the number of new student enrolment went beyond 95,000 students, representing a year over year growth of 15% and our enrolled students reached more than 280,000 individuals, representing a year over year growth of 21%. We broke new records in our student enrolment, whilst 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 enrolment reached 32.3%, and that of our enrolled students reached 34.4%, which evidenced that our reputation in school operation has gained further recognition by the society.

REVIEW ON INDUSTRY POLICIES

1. On 14 December 2022, 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)》) (the “**Outline**”) issued by the CPC Central Committee and the State Council clearly proposed to “improve vocational and technical education and training systems and reinforce flexibility in vocational and technical education; encourage social forces to provide diversified education services, support and regulate the development of private education, steadily promote reforms in the classified management of private education, and develop high-level Sino-foreign cooperative education.” The Outline required “the ongoing implementation of pro-employment strategies, adherence to the orientation towards economic development and employment, expansion to employment capacity, improvement on the quality of employment, and the promotion to full employment; emphasis on the relief to the structural conflicts of employment, acceleration in the improvement on skills and quality of workers, development on modern vocational education, and improvement on lifelong training systems of vocational skills.”

In this regard, we can see that:

Firstly, the policies of the government on social forces, in particular private capital in running vocational education have been consistent and supportive. There were not only top-level policy designs, but also specific supporting policies. The prospects for private capital in participating vocational education have been promising. As a company with vocational undergraduate education being its core business, Hope Education will seize the opportunities presented by the policies for its sustainable and steady development.

Secondly, the government fully affirmed the positive role of vocational education in increasing employment, and required extensive development of vocational education to improve the quality of workers and enhance employment competitiveness. This required the vocational education industry to expand in terms of both quantity and quality, representing new opportunities as well as challenges. Hope Education will expand the operation of all its institutions whilst improve the quality of its talent training.

2. On 21 December 2022, the General Office of the CPC Central Committee and the General Office of the State Council issued the Guidelines on Deepening the Development and Reforms in Modern Vocational Education Systems (《關於深化現代職業教育體系建設改革的意見》), which proposed to “establish specific measures of the financial, fiscal, land, credit, employment and income distribution policies that support vocational education for the formation of favorable policies and ecosystem for the development of vocational education”, “establish some outstanding international vocational schools for the development of international brands of vocational education” and “promote ‘Chinese language + vocational skills’ projects, assisting international capacity collaborations and Chinese companies expanding overseas, nourishing international talents as well as domestic technical and skillful talents that Chinese companies urgently need, and enhancing the global influence of the Chinese vocational education”.

In this regard, we can see that:

Firstly, the above-mentioned document enhanced the support to social forces in participating the development of vocational education and proposed new mechanisms for exploring how to attract social capital and investment to the development of vocational education, which was in line with “optimizing diversified school operation layout. Listed companies and industry leading enterprises are encouraged to implement vocational education, and various kinds of enterprises are encouraged to participate in vocational education operation according to the law” as proposed in 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》) issued by the General Office of the CPC Central Committee and the General Office of the State Council in October 2021. It fully demonstrated the ongoing attitude of the government in supporting and encouraging social capital to participate in the development of vocational education, which is constructive in stabilizing and increasing investors’ confidence.

Secondly, the document proposed high-level Sino-foreign vocational education collaboration and development of high-level international vocational schools. Hope Education is currently running three universities overseas. We will leverage this as a platform to develop collaborations between domestic and foreign institutions in nourishing talents, thereby responding and serving the “Belt and Road Initiative” strategy of the government and nourishing more international talents.

3. On 16 October 2022, General Secretary Xi Jinping proposed “implementing the strategy of rejuvenating the country through science and education and strengthening the support of talents for modernization”, “coordinating vocational and higher education, continuing the collaboration between education and innovation, promoting the integration of vocational and regular education, industry and education, as well as science and education, optimizing the positioning of vocational education” and “stepping up the development of national strategic talents, nourishing more masters, strategic scientists, first-class science leaders and innovation teams, young technology talents, outstanding engineers, national craftsmen and highly skilled talents” in the report of the 20th National Congress of the Communist Party of China.

In this regard, we can see that:

The Party Central Committee further emphasized the key role of talents in the process of strengthening the country and realizing the great rejuvenation of the Chinese nation, included vocational education, the training of highly skilled talents and national craftsmen in the national development strategy, prioritized vocational education to an unprecedented level, thereby providing a strong policy protection and favorable social environment to the development of vocational education.

Our Business Development Achievements by Schools

The Group has been deeply implementing the Implementation Plan on Reform of National Vocational Education (《國家職業教育改革實施方案》), and giving full play to the advantages of education to serve the economic and social development. We actively promote grouping of majors and agglomeration of resources, focus on improving the quality of talent training, strive to improve the professional ability and skill level of students, and promote the high-quality development of our schools.

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

In order to adapt to the development needs of vocational education, the Group continued to deepen the connotation of professional construction, promote the market-oriented schools, deepen the connotation of professional setting, and highlight the characteristics of schools. The Group also actively carried out the application and development of new majors and the development of professional industry colleges, and promoted grouping of majors and agglomeration of resources. At the same time, the Group extensively carried out professional analysis and teaching skills competitions for teachers, and promoted the development of majors and courses in accordance with the professional development concept of “strengthening characteristics, improving tradition, developing emerging majors, eliminating backward majors, and controlling the total amount”. During the Reporting Period, one major was approved as a national-level pilot program of industry-education integration and three majors were approved as provincial-level first-class undergraduate major development points. Meanwhile, students from our schools actively participated in various competitions, and the number of awards once again hit a record high. They won 753 awards in total, including 260 national awards and 450 provincial and ministerial awards. Through competition, the professional competitiveness and employment confidence of students were enhanced.

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

The Group deeply promoted the cultivation of skilled talents, continuously met the talent needs of local economic and social development and promoted the development of vocational education talent training model, thereby forming a training mode of “combining morality and technology, position-oriented, integration of industry and education and rationality and practicality”, and transforming the teaching mode from traditional subject system teaching to action system teaching. The Group established and improved various curriculum standards and carried out three-level curriculum development of qualified, high-quality and gold courses. It also conducted in-depth research and development of case-based and practical integrated teaching content, and created curriculum case resource library, teaching material resource library and online course resource library. During the Reporting Period, the Group’s schools were granted a total of 29 provincial-level first-class courses, premium online open courses, curriculum ideological and political demonstration courses, and 141 school-level ideological and political courses. The establishment of a number of high-quality courses has strongly driven and promoted the continuous improvement of the teaching quality of each school.

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

We attached great importance to the research and development of teaching materials in our schools, and coordinated and organized 1,674 teachers from 15 schools to participate in the research and development of teaching materials. A total of 227 books have been developed and published. At present, we have applied for three national-standard teaching materials and actively applied for the “14th five-year” national-standard teaching materials. Each school has completed the target assessment tasks in three assessments, namely the establishment of scientific research projects, the publication of papers and the achievement of intellectual property rights, and has achieved remarkable results in the development of scientific research projects, the publication of papers, the grant of patents, the self-compiled teaching materials, scientific research platforms and team building. During the Reporting Period, the Group built 17 school-level scientific research teams and 1 municipal-level scientific research platform, which created conditions for the high-quality development of education, science and research of our schools.

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

During the Reporting Period, we formulated the standards for upgrading the basic network of our schools. Through the addition and replacement of approximately 300 backbone network equipment, we re-planned the network structure, increased the requirements for network security equipment of our schools, and upgraded the bandwidth of external network. We successively upgraded and transformed the basic network of 16 schools, and the backbone network was increased to 100GB, ensuring the stability and availability of the network. At the same time, we had approximately 40 new training and server rooms, as well as approximately 4,000 new network points for server rooms, classrooms and offices. Approximately 40 training software systems were purchased, mainly including big data, artificial intelligence, Internet of Things and other subjects. In addition, we adjusted the standards for the construction of multimedia classrooms and purchased more than 230 laser projectors to solve the problem of useful life and light source. The investment in education informatization has improved the convenience of school operation and the satisfaction of teachers and students.

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

In order to facilitate the development of advantages and characteristics of our schools, we have formulated the Implementation Plan for Rankings of Schools in terms of Competitiveness (《集團院校競爭力排名工作實施方案》) to promote the improvement of comprehensive competitiveness of our schools, and formulate competitive planning, annual implementation plan and list of target and task in stages. At present, 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), Hope College is ranked 8th in terms of scientific research competitiveness of private undergraduate colleges in China based on value-added evaluation in 2022; Sichuan TOP IT Vocational Institute is ranked 95th in the Rankings of Cuaa. Net Higher Vocational Institute in China (Category I (2022) (2022校友會中國高職院校排名I類)), and is among the list of first-class higher vocational institute in the region; while Tianyi College is ranked 31st in the 2022–2023 Competitiveness Ranking of National Private Higher Education Institutions in China Evaluation Ranking (中評榜2022–2023年民辦高職高專院校競爭力排行榜). Most of the Group's higher education institutions have entered the top 200 in the 2022–2023 Competitiveness Ranking of Private Higher Vocational Schools (2022–2023年民辦高職高專院校競爭力排行榜).

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 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 the Reporting Period, a total of 5,677 people were trained (including 4,844 people in college student start-up training, 374 people in labor brand training, 59 people in start-up training in rural areas, and 400 people in enterprise employee training). Through organizing vocational education and skills training for new residents in cities and people who were resettled to new positions or found new employment, we assisted 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 13 December 2022, Guangxi School was approved by the MOE to go through the classification registration procedures as a for-profit private school.
2. With effect from 1 January 2023, Mr. Chen Yunhua and Dr. Gao Hao resigned as independent non-executive Directors of the Company due to personal reasons, and Mr. Liu Zhonghui and Mr. Xiang Chuan were appointed as independent non-executive Directors of the Company with effect from 1 January 2023. For details, please refer to the announcements of the Company dated 30 December 2022 and 1 January 2023.
3. On 24 February 2023, the independent Shareholders approved, by way of poll at the annual general meeting of the Company, the amendments to the second amended and restated memorandum and articles of association of the Company and the adoption of the third amended and restated memorandum and articles of association of the Company in substitution for, and to the exclusion of, the second amended and restated memorandum and articles of association of the Company. For details, please refer to the announcements of the Company dated 30 December 2022 and 24 February 2023 and the circular of the Company dated 3 February 2023.

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 48 majors in 11 main categories, established 3 key characteristic majors in private colleges in Sichuan Province, and approved researches on a total of 95 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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, 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 10 training centres 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 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 and technological innovation. 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 with 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 Vocational 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. 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 more than 40 hospitals at Grade IIA level or above in Guizhou Province, to build training and employment bases which provides a broad platform for student internships and high-quality employment.

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

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

East China

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

Suzhou Top Institute is located in Kunshan City, Jiangsu Province, with 26 majors. Based on the demands of regional economies and social development, the school has built up the characteristics of "information technology" to cultivate high-quality technical and skilled talents required for the high-quality development of local economies and regional industries. Focusing on school-enterprise cooperation and deepening the integration of industries and education, the college opened 5 customized classes in the mode of rotating the learning and work experience, winning 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 (江苏省2020年、2021年高校毕业生就业工作量化考核).

MANAGEMENT DISCUSSION AND ANALYSIS

After more than 20 years since its establishment, Jinken College offers more than 30 majors. 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 Province 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 with 21 undergraduate majors, 12 junior majors and 1 research institute. The students of the college 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.

Founded in 2015, Nanchang Institute of Film and Television is a full-time ordinary private higher vocational education institution approved by the People’s Government of Jiangxi Province, filed with the MOE, included in the nationally uniform enrollment scheme, with a focus primarily on media studies in film and television, and possessed with qualification of independently issuing nationally recognized college diplomas. The institute structures its programmes according to the characteristics of the media and art communication industry of film and television, offering 24 majors, 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, painting, human resource management, journalism, and accounting have been approved as first-class professional construction sites at the autonomous region level, with 171 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 junior 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 currently has several teaching departments in transport engineering, information technology, health management, economic management, ideological and political theory teaching and public foundation class teaching. It has 13 majors and provincial/departmental research grants for 2 programmes.

South China

At present, we have 1 school in South China.

The college in Guangxi is a full-time ordinary higher vocational college approved by the People's Government of Guangxi Zhuang Autonomous Region in 2003, filed with the MOE, which issues a nationally recognized certificate of diploma of junior college under uniform enrolment upon qualifying graduation. The college is now divided into five faculties, including the faculty of art and design, the faculty of information and management, the faculty of Marxism, the faculty of international education and the faculty of continuing education, with an affiliated secondary vocational school. There are 36 majors in media art, economic management and rural revitalization.

Central China

At present, we have 1 school in Central China.

The college in Henan is an automobile engineering ordinary higher education institution in Henan Province. The college addresses the development needs of the automobile industry, with 6 departments and faculties at present, including the automotive engineering department, the electrical and mechanical engineering department, the economics management department, the faculty of Marxism, the foundation teaching department and the technical secondary school department, offering 46 majors in automobile, machinery, electronics, as well as finance and accounting. The college has established a good employment relationship with various prominent automobile manufacturing and related enterprises, and entered into tailor-made cooperation agreements with them. The 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 37 undergraduate majors which covers 8 disciplines. 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.

Founded in 1998, the college in Shaanxi 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 forms of education including undergraduate majors, junior majors, continuing education and research institute. The college now has 16 secondary colleges, 5 provincial experimental teaching demonstration centres, 7 provincial first-class undergraduate majors and 7 provincial first-class courses.

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, e-commerce, big data and accounting, 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 Big 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 3 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 professional fields of business, computing, engineering, medicine, psychology and education. 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.

The college in Thailand was established in 1996. The environment of the campus is beautiful and is known as one of the most beautiful universities in Thailand. Metharath 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. 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.

Founded in 2008, the college in Hungary was located in central Budapest, capital of Hungary, 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.

Our Students

The Group believes the pragmatic teaching philosophy of its schools, its 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 for their ideal employment.

	Student Enrollment	
	As at	As at
	28 February 2023	28 February 2022
Schools		
Undergraduate colleges	143,402	119,050
Junior colleges	124,905	98,465
Technical education	12,146	14,544
Total	280,453	232,059

Campus Utilization Rate

	For the	For the
	six months ended	six months ended
	28 February 2023¹	28 February 2022 ²
Total number of student enrollment	280,453	232,059
Total capacity	307,574	267,440
Overall utilization rate	91%	87%

Notes:

1. 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, Guangxi School and Wekerle Business School are not included.
2. 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, Metharath University and Shaanxi University are not included.

OUTLOOK

1. Prioritising quality and focusing on internal quality development of institutions

Strengthening our country by education and promoting the transformation of higher education in China from the stage of scale expansion to that of internal quality development are the major historical missions and tasks of the private higher education sector for a New Era. Hope Education will follow the approach of quality internal development by increasing investment, improving school conditions, developing featured schools, pursuing reforms on teaching methods and promoting case-based education that integrates theories and practices. We will step up the recruitment of professionals to further develop our teaching team and enhance our team management, thereby improving the governance and sustainability of our institutions.

2. Improving international vocational education by synergistic development home and abroad

Building international brands of vocational education and nourishing international talents are the objective demand of developing the “Belt and Road Initiative” as well as a new requirement of the development of vocational education. Hope Education actively responded to the “Belt and Road Initiative” of the government by pursuing reforms on modern vocational education system. By leveraging on our three institutions established overseas, we comprehensively promoted the collaboration of our domestic and overseas institutions. Currently, the two domestic higher vocational institutions established by the Company have been approved to collaborate with INTI International University, Malaysia in organizing higher education projects on big data technology as well as big data and accounting. The institutions also collaborated with Metharath University, Thailand in organizing higher education projects on animation production technology for training international professionals. Our three institutions overseas signed collaborative agreements with more than 30 domestic universities for the training of talents. Our Sino-foreign education collaborations provided stable channels for domestic students to pursue further studies and nourished international talents for Chinese companies to expand overseas. We will always work hard for the internationalization of vocational education in China.

3. Improving skills for high-quality socio-economic development

General Secretary Xi Jinping said: vocational education is closely related to economic and social development. It is crucial to employment and entrepreneurship, momentum of economic and social development, as well as the well-being of the people. For the first time, the report of the 20th National Congress of the Communist Party of China included the nourishing of “national craftsmen, highly skilled talents” in the strategy of strengthening the country. As a service provider for vocational education, we strategically established our institutions in mid-west China and areas where education resources are relatively insufficient. By expanding our institutions on on-going basis, we have increased the supply of places of higher vocational education, providing opportunities for higher vocational education to students in the rural areas in mid-west China, allowing them to master professional skills such that they can have the abilities to change their fates and serve our society. In this regard, Hope Education still has a long way to go.

4. Lean management for ongoing in development and competitiveness improvement

Lean management is the core competitiveness of Hope Education in improving its operational quality, gradually expanding its scale and delivering sustainable development. The Company continuously enhanced its budget management and optimized internal control. It insisted on regular operation analysis and improving various assessments, thereby solving problems in time, ensuring operating costs and risks to be under control. As a result, its operational quality and efficiency can be steadily increased, and so as its sustainability.

5. Share incentive for inspiring employees

The Company implements a share incentive mechanism for retaining core talents and attracting outstanding talents, building common interests between itself and its staff, strengthening its foundation and ensuring sustainable and steady development.

FINANCIAL REVIEW

Non-IFRS Measurement

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

The financial results for the six months ended 28 February 2023 and 28 February 2022 are as follows:

Items	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2022 <i>(in millions of RMB)</i> (Unaudited)	Change <i>(percentage)</i>
Revenue	1,934.83	1,526.52	26.7%
Less: Cost of sales	962.25	752.01	
Gross profit	972.58	774.51	
Add: Other income and gains	177.30	192.96	
Less: Selling expenses	153.57	131.44	
Administrative expenses	282.72	195.70	
Finance costs	170.97	130.90	
Other expenses	12.25	3.13	
Fair value losses on convertible bonds	91.54	5.83	
Add: Share of profit of a joint venture	17.41	17.18	
Share of loss of an associate	—	(18.93)	
Profit before tax	456.24	498.72	
Less: Income tax expense	27.79	68.90	
Profit for the period	428.45	429.82	
Adjusted gross profit	1,018.29	805.36	26.4%
Adjusted net profit	602.22	453.42	32.8%

Calculation of adjusted gross profit

Items	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2022 <i>(in millions of RMB)</i> (Unaudited)
Gross profit	972.58	774.51
Add:		
1. Depreciation and amortization arising from valuation appreciation	29.54	30.85
2. Equity-settled share option expenses	16.17	—
Adjusted gross profit	1,018.29	805.36

Description:

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

Calculation of adjusted net profit

Items	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2022 <i>(in millions of RMB)</i> (Unaudited)
Net profit	428.45	429.82
Add:		
1. Depreciation and amortization arising from valuation appreciation	32.35	35.21
2. Finance cost accrued at amortised cost because of deferred payment of equity acquisition and conversion of independent colleges	23.07	20.82
3. Fair value losses on convertible bonds	91.54	5.83
4. Equity-settled share option expenses	43.84	—
Less:		
Foreign exchange gain	17.03	38.26
Adjusted net profit*	602.22	453.42

Note:

- * Adjusted net profit is measured by excluding (i) additional depreciation and amortization resulting from the temporary fair value adjustment of the identifiable assets acquired; (ii) equity-settled share option expenses; (iii) foreign exchange gain; (iv) finance cost accrued at amortised cost because of acquisition of equity interests under agreements and conversion fee of independent colleges with payment period over one year; and (v) fair value losses on convertible bonds.

Overview

	For the six months ended 28 February 2023 (in millions of RMB) (Unaudited)	For the six months ended 28 February 2022 (in millions of RMB) (Unaudited)	Change (percentage)
Revenue	1,934.83	1,526.52	26.7%
Adjusted gross profit	1,018.29	805.36	26.4%
Adjusted gross profit margin	52.6%	52.8%	
Adjusted net profit	602.22	453.42	32.8%
Adjusted net profit margin	31.1%	29.7%	

Revenue

For the six months ended 28 February 2023, revenue of the Group reached RMB1,934.83 million, representing an increase of RMB408.31 million or 26.7% from RMB1,526.52 million for the corresponding period of last year. Such increase was mainly due to the significant increase in the number of students enrolled.

Cost of Sales

For the six months ended 28 February 2023, cost of sales of the Group was RMB962.25 million, representing an increase of RMB210.24 million or 28.0% from RMB752.01 million for the corresponding period of last year. Such increase was mainly due to (i) the enhancement of teacher quality and teaching facilities as a result of the increment in the number of students enrolled in the schools of the Group; and (ii) the recognition of equity-settled share option expenses.

Gross Profit

For the six months ended 28 February 2023, gross profit of the Group was RMB972.58 million, representing an increase of RMB198.07 million or 25.6% from RMB774.51 million for the corresponding period of last year.

For the six months ended 28 February 2023, adjusted gross profit of the Group was RMB1,018.29 million, representing an increase of RMB212.93 million or 26.4% from RMB805.36 million for the corresponding period of last year.

Selling Expenses

For the six months ended 28 February 2023, selling expenses of the Group amounted to RMB153.57 million, representing an increase of RMB22.13 million from RMB131.44 million for the corresponding period of last year. Such increase was mainly due to the increase in human resources, advertising and marketing expenses on the Group's expansion of enrollment scale. Selling expenses accounted for 7.94% of the revenue for the period, representing a decrease of 67 bps from 8.61% for the corresponding period of last year.

Administrative Expenses

For the six months ended 28 February 2023, administrative expenses of the Group amounted to RMB282.72 million, representing an increase of RMB87.02 million from RMB195.70 million for the corresponding period of last year. Such increase was mainly due to (i) the increase in acquisitions of schools; (ii) the increase in depreciation and amortization of newly established schools; and (iii) the recognition of equity-settled share option expenses.

Finance Costs

For the six months ended 28 February 2023, finance costs of the Group amounted to RMB170.97 million, representing an increase of RMB40.07 million from RMB130.90 million for the corresponding period of last year. Such increase was mainly due to the increase in loans of the Group.

Profits of the Reporting Period

For the six months ended 28 February 2023, adjusted net profit of the Group amounted to RMB602.22 million, representing an increase of RMB148.80 million or 32.8% from RMB453.42 million for the corresponding period of last year.

For the six months ended 28 February 2023, adjusted net profit margin was 31.1% representing an increase of 143 bps from 29.7% for the corresponding period of last year. Such increase was mainly due to the increase in profit contributed by the increase in the number of students enrolled.

For the six months ended 28 February 2023, net profit of the Group amounted to RMB428.45 million, representing a decrease of RMB1.37 million or 0.3% from RMB429.82 million for the corresponding period of last year.

Capital Commitments

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

	28 February 2023	31 August 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:		
Property, plant and equipment	836,395	766,837
Prepaid land lease payments	37,732	37,732
Acquisition of equity interest	—	9,489
	874,127	814,058

Liquidity and Financial Resources

As of 28 February 2023, the Group had total cash and bank balances of RMB2,747.06 million (31 August 2022: RMB3,033.51 million), among which: (i) cash and cash equivalents amounted to RMB2,433.40 million (31 August 2022: RMB2,725.26 million), and (ii) pledged and restricted bank deposits amounted to RMB313.66 million (31 August 2022: RMB308.25 million).

Indebtedness

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term working capital loans and long-term loans for constructing school buildings and facilities and merger and acquisitions. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As of 28 February 2023, the aggregate loan balance amounted to RMB4,076.34 million, mostly denominated in RMB. As of 28 February 2023, the Group's bank loans and other borrowings bore effective interest rates ranging from 4.00% to 15.05% per annum.

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

Current Ratio

As at 28 February 2023, current assets of the Group amounted to RMB4,272.55 million, consisting of cash and cash equivalents, pledged and restricted deposits of RMB2,738.82 million, amounts due from related parties of RMB493.80 million, prepayments, deposits and other receivables of RMB935.87 million and other current assets of RMB104.06 million. Current liabilities of the Group amounted to RMB7,504.26 million, including accruals and other payables of RMB2,847.29 million, contract liabilities of RMB1,390.76 million, interest-bearing bank and other loans of RMB2,464.16 million and other current liabilities of RMB802.05 million. As at 28 February 2023, current ratio (current assets divided by current liabilities) of the Group was 0.57 (31 August 2022: 0.60).

Contingent Liabilities

As of 28 February 2023, 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 equals to total interest-bearing bank loans and other borrowings of RMB4,076.34 million, net of cash and cash equivalents of RMB2,433.40 million, pledged and restricted bank deposits of RMB313.66 million divided by total equity of RMB8,540.95 million at the end of the Reporting Period. The Group's net debt to equity ratio increased from 13.6% as of 31 August 2022 to 15.6% as of 28 February 2023, primarily due to continuous investment of the Group in teaching facilities, equipment and construction of campus and acquisition of schools.

Debt to Equity Ratio

As of 28 February 2023, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank loans and other borrowings by total equity) was approximately 47.73% (31 August 2022: 51.2%).

Events after the Reporting Period

The Group has no significant event after the Reporting Period that needs to be disclosed.

Foreign Currency Risk and Management

The majority of the Group's revenue and expenditures are denominated in Renminbi, the functional currency of the Company. As at 28 February 2023, certain bank balances and cash were denominated in Hong Kong dollar, United States dollar and Ringgit Malaysia. The Group has not entered into any financial arrangements for hedging purpose as it is expected that there will be no material foreign exchange exposure.

Human Resources, Employees and Remuneration Policy

As at 28 February 2023, the Group had approximately 14,573 faculty members. The remuneration of employees is determined on the basis of current industry practices and the educational background, experience and performance of employees. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical, maternity, work injury and unemployment insurance and share option scheme (for the scheme, please refer to page 34 of this report). On the basis of the current remuneration system, the Group issued the Guiding Opinions on Remuneration Supplementary Scheme in line with the local economic level, revised the school assessment system, urged and guided all colleges to implement the care and love policy, improved the benefits of faculty members, and fully mobilized the working enthusiasm of faculty members.

INTERIM DIVIDEND

The Board did not recommend any payment of an interim dividend to the Shareholders during the Reporting Period (Six months ended 28 February 2022: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CORPORATE GOVERNANCE CODE

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

Throughout the six months ended 28 February 2023, the Company has complied with the code provisions contained in Part 2 of the Corporate Governance Code.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the disclosure made in the annual report dated 31 December 2022 and up to the date of this report of the Company are set out below:

Name of Directors	Details of Change
Mr. Chen Yunhua	He has resigned as an independent non-executive Director, and ceased to be the chairman of the nomination and remuneration committee and a member of the audit committee of the Board with effect from 1 January 2023.
Dr. Gao Hao	He has resigned as an independent non-executive Director, and ceased to be a member of the nomination and remuneration committee and the audit committee of the Board with effect from 1 January 2023.
Mr. Liu Zhonghui	He has been appointed as an independent non-executive Director, and the chairman of the nomination and remuneration committee and a member of the audit committee of the Board with effect from 1 January 2023.
Mr. Xiang Chuan	He has been appointed as an independent non-executive Director, and a member of the nomination and remuneration committee and the audit committee of the Board with effect from 1 January 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors during the six months ended 28 February 2023.

Having made specific enquiry with all Directors of the Company, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the six months ended 28 February 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 28 February 2023.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting. The audit committee of the Company has reviewed the Group's interim results and unaudited condensed consolidated financial statements for the six months ended 28 February 2023.

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

As at 28 February 2023, 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 or 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/ Underlying Shares pursuant to Share Options	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 28 February 2023 ⁽⁶⁾
Wang Huiwu ⁽¹⁾	Executive Director and Chief Executive Officer	Founder of a discretionary trust who can influence how the trustee exercises his/her discretion	4,140,948,240	Long Position	
			11,120,000	Long Position	
		4,152,068,240		51.72%	
		Founder of a discretionary trust who can influence how the trustee exercises his/her discretion	718,395,000	Short Position	8.95%
Li Tao ⁽²⁾	Executive Director	Beneficial interest	5,697,167	Long Position	
			5,000,000 ⁽⁵⁾	Long Position	
			10,697,167		0.13%
He Shengli	Non-executive Director and Chairman	Beneficial interest	840,000	Long Position	
			10,000,000 ⁽⁵⁾	Long Position	0.14%
Tang Jianyuan ^{(3) and (4)}	Non-executive Director	Beneficial interest	5,000,000 ⁽⁵⁾	Long Position	0.06%
Xu Changjun	Executive Director	Beneficial interest	5,000,000 ⁽⁵⁾	Long Position	0.06%

OTHER INFORMATION

Notes:

- (1) As at 28 February 2023, 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 holds 96% interest in Maysunshine Limited, Maysunshine Limited holds 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 28 February 2023, 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, Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited, and Hope Education Investment Limited holds approximately 51.58% interest in the Company.
- (4) As at 28 February 2023, 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, Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited, and Hope Education Investment Limited holds approximately 51.58% interest in the Company. Liu Birong (劉碧容) is the 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) These underlying Shares represent the interests of share options granted to each of related grantees under the 2022 Share Option Scheme to subscribe for Shares.
- (6) As at 28 February 2023, the number of issued shares was 8,027,550,706 Shares.

Save as disclosed above, as at 28 February 2023, none of the Directors and chief executives 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 six months ended 28 February 2023 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 28 February 2023, the following persons (other than the Directors or chief executives of the Company) or entities have interests 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:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 28 February 2023 ⁽³⁾
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	52.11%
	Beneficial interest	42,242,703	Long Position	
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	Short Position	8.95%
	Interest in controlled corporation	718,395,000	Long Position	52.11%
Sichuan Tequ Investment ⁽¹⁾	Interest in controlled corporation	4,183,190,943	Long Position	8.95%
		718,395,000	Short Position	52.11%
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	8.95%
	Interest in controlled corporation	718,395,000	Short Position	52.11%
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	8.95%
		718,395,000	Short Position	52.11%

OTHER INFORMATION

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate
				Percentage of Shareholding in the Company as at 28 February 2023 ⁽³⁾
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%
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%
		718,395,000	Short Position	8.95%
Credit Suisse Group AG ⁽²⁾	Interest in controlled corporation Investment Manager	783,257,831	Long Position	
		1,734,000	Long Position	
		784,991,831		9.78%
		721,395,000	Short Position	8.99%

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 49% by West Hope, 40.09% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) and 10.91% by Sichuan Desheng Ronghe Industrial Group Co., Ltd. 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. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owned as to 52.20% by Zhang Qiang (張強). Wang Degen (王德根) and Zhang Qiang (張強) are spouses.

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: 1,168,831 Shares (long positions)) and unlisted derivatives (cash settlement: 690,000 Shares (long positions); physical settlement: 423,395,000 Shares (long positions)).
- (3) As at 28 February 2023, the number of issued shares was 8,027,550,706 Shares.

Save as disclosed above, as at 28 February 2023, the Directors or 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.

OTHER INFORMATION

2018 PRE-IPO SHARE OPTION SCHEME

As at 28 February 2023, 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 28 February 2023, 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:

Grantee	Number of share options					As at 28 February 2023	Date of grant	Exercise period	Exercise Price per share HKD per share	Vesting period	Weighted average closing price of the Company's shares		
	As at 1 September 2022	Granted during the period	Exercised During the period	Lapsed during the period	Price of the Company's share immediately before the grant date of options RMB per share						Immediately exercise date before the exercise date RMB per share	At the exercise date of share options HK\$ per share	
Director 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) and other grantees of 320 individuals	224,590,087	—	—	—	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	230,287,254	—	—	—	230,287,254					—	—	—	

As at 28 February 2023, save for disclosed above, no share options were exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme.

Note:

As at 1 September 2022 and 28 February 2023, none of relevant Shares was available for grant under the 2018 Pre-IPO Share Option Scheme of the Company. Details of the 2018 Pre-IPO Share Option Scheme adopted by the Company on 18 March 2018 are set out in Note 24 to the condensed financial information of this report.

2022 SHARE OPTION SCHEME

The Company adopted the 2022 Share Option Scheme on 18 March 2022 to provide incentives or rewards to eligible participants for their past services or performance.

The following table discloses movements in the outstanding options granted to all grantees under the 2022 Share Option Scheme:

	Date of Grant	Vesting Date	Exercise Period	Granted/ Vested during the Reporting Period	Share Options being cancelled or lapsed during the Reporting Period	Exercise Price of Share HK\$ per Share	Numbers of Share Options Outstanding at 1 September 2022	Number of Share Options Outstanding at 28 February 2023
Directors/Chief Executives/ Substantial Shareholders of the Company								
Mr. Jiang Lin	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	40,000,000	40,000,000
Mr. He Shengli	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	10,000,000	10,000,000
Mr. Xu Changjun	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	5,000,000	5,000,000
Mr. Li Tao	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	5,000,000	5,000,000
Mr. Tang Jianyuan	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	5,000,000	5,000,000
Mr. Huang Zhongcai	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	5,000,000	5,000,000
Ms. Lou Qunwei	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	5,000,000	5,000,000
Mr. Yuan Junmin	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	3,000,000	3,000,000
Employees (non-connected persons)	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	0.486	534,505,822	534,505,822
Total				—	—		612,505,822	612,505,822

OTHER INFORMATION

Notes:

1. The validity period of share options granted on 11 May 2022 is from 1 December 2022 to 30 November 2032 (both day inclusive). No Share Options could be exercised before 10 May 2023. The closing price of the Shares on 10 May 2022 was HK\$0.455. As at 1 September 2022, the number of relevant Shares available for grant under the 2022 Share Option Scheme is 190,249,248 Shares, representing approximately 2.37% of the issued share capital of the Company. As at 28 February 2023, the number of relevant Shares available for grant under the 2022 Share Option Scheme is 190,249,248 Shares, representing approximately 2.37% of the issued share capital of the Company.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period was 2.37%.

2. On 21 April 2023, the board of directors of the Company has resolved that the granting of 190,000,000 share options on 30 November 2022 has lapsed and withdrawn in accordance with the relevant provisions under the 2022 Share Option Scheme. For details, please refer to the Company's announcement dated 21 April 2023.

INDEPENDENT REVIEW REPORT

To the board of directors of Hope Education Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed financial information set out on pages 38 to 86, which comprises the condensed consolidated statement of financial position of Hope Education Group Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 28 February 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 April 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
REVENUE	4	1,934,831	1,526,524
Cost of sales		(962,246)	(752,006)
Gross profit		972,585	774,518
Other income and gains	4	177,303	192,955
Selling expenses		(153,568)	(131,442)
Administrative expenses		(282,721)	(195,698)
Fair value losses on convertible bonds		(91,541)	(5,830)
Other expenses		(12,246)	(3,129)
Finance costs	5	(170,972)	(130,899)
Share of profits/(losses) of:			
A joint venture		17,406	17,178
An associate		—	(18,927)
PROFIT BEFORE TAX	6	456,246	498,726
Income tax expense	7	(27,788)	(68,906)
PROFIT FOR THE PERIOD		428,458	429,820
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		16,472	(33,709)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		444,930	396,111
Profit/(loss) attributable to:			
Owners of the Company		428,407	430,176
Non-controlling interests		51	(356)
		428,458	429,820
Total comprehensive income attributable to:			
Owners of the Company		444,439	395,889
Non-controlling interests		491	222
		444,930	396,111
Earnings per share attributable to ordinary equity holders of the Company:			
Basic	8	RMB0.053	RMB0.054
Diluted		RMB0.052	RMB0.045

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 FEBRUARY 2023

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,071,434	10,582,035
Right-of-use assets	9	1,954,227	1,956,751
Interests in land held for property development	9	740,628	575,317
Other intangible assets	9	1,247,239	1,256,070
Investment property		49,011	36,536
Goodwill	10	2,039,056	2,031,266
Investment in a joint venture		543,354	529,823
Prepayments, deposits and other receivables	12	286,342	374,112
Pledged and restricted deposits	13	8,243	36,193
Deferred tax assets		14,445	27,271
Contract cost assets		5,506	7,529
Total non-current assets		17,959,485	17,412,903
CURRENT ASSETS			
Trade receivables	11	86,384	127,124
Prepayments, deposits and other receivables	12	935,874	1,215,857
Amounts due from related parties	23(c)	493,801	551,647
Contract cost assets		10,970	8,217
Pledged and restricted deposits	13	305,418	272,057
Cash and cash equivalents	13	2,433,397	2,725,264
Assets classified as held for sale		6,701	—
Total current assets		4,272,545	4,900,166
CURRENT LIABILITIES			
Contract liabilities		1,390,755	1,678,466
Trade payables	14	47,923	58,579
Other payables and accruals	15	2,847,291	3,060,806
Deferred income	16	77,246	75,393
Lease liabilities		28,902	27,197
Interest-bearing bank and other borrowings	17	2,464,162	2,560,744
Amounts due to related parties	23(c)	474,745	543,779
Tax payable		173,237	172,647
Total current liabilities		7,504,261	8,177,611
NET CURRENT LIABILITIES	1	(3,231,716)	(3,277,445)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,727,769	14,135,458

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 FEBRUARY 2023

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
NON-CURRENT LIABILITIES			
Other payables	15	827,808	885,131
Deferred income	16	1,528,468	1,534,814
Lease liabilities		123,669	116,306
Convertible bonds	18	1,979,776	1,871,914
Interest-bearing bank and other borrowings	17	1,612,182	1,562,915
Deferred tax liabilities		113,055	114,604
Contract liabilities		1,863	1,949
Total non-current liabilities		6,186,821	6,087,633
NET ASSETS		8,540,948	8,047,825
EQUITY			
Equity attributable to owners of the Company			
Issued capital	19	545	545
Reserves		8,540,724	8,052,437
Non-controlling interests		8,541,269 (321)	8,052,982 (5,157)
Total equity		8,540,948	8,047,825

He Shengli
Director

Wang Huiwu
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Share premium*	Capital reserve*	Statutory surplus reserve*	Share option reserve*	Retained profits*	Exchange fluctuation reserve*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 September 2022	545	5,017,040	598,468	582,705	103,790	1,810,878	(60,444)	8,052,982	(5,157)	8,047,825
Profit for the period	—	—	—	—	—	428,407	—	428,407	51	428,458
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	16,032	16,032	440	16,472
Total comprehensive income for the period	—	—	—	—	—	428,407	16,032	444,439	491	444,930
Acquisition of a subsidiary (note 21)	—	—	—	—	—	—	—	—	4,375	4,375
Equity-settled share option arrangements	—	—	—	—	43,848	—	—	43,848	—	43,848
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(30)	(30)
Transfer from retained profits	—	—	—	49,422	—	(49,422)	—	—	—	—
As at 28 February 2023 (unaudited)	545	5,017,040	598,468	632,127	147,638	2,189,863	(44,412)	8,541,269	(321)	8,540,948
As at 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 period	—	—	—	—	—	430,176	—	430,176	(356)	429,820
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(34,287)	(34,287)	578	(33,709)
Total comprehensive income for the period	—	—	—	—	—	430,176	(34,287)	395,889	222	396,111
Transfer from retained profits	—	—	—	48,079	—	(48,079)	—	—	—	—
Issue of shares upon the exercise of share options	3	57,016	—	—	(16,391)	—	—	40,628	—	40,628
As at 28 February 2022 (unaudited)	545	5,275,970	598,468	543,942	76,900	1,835,176	(80,181)	8,250,820	(7,254)	8,243,566

* These reserve accounts comprise the consolidated reserves of RMB8,540,724,000 in the consolidated statement of financial position as at 28 February 2023 (31 August 2022: RMB8,052,437,000).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		456,246	498,726
Adjustments for:			
Depreciation of items of property, plant and equipment	9	206,162	159,814
Depreciation of right-of-use assets	9	31,732	33,237
Depreciation of land held for property development	9	6,000	1,614
Amortisation of other intangible assets	9	18,166	9,772
Amortisation of contract cost assets		6,966	3,788
Deferred income released to profit or loss		(36,789)	(13,393)
Interest income		(15,884)	(36,631)
Finance costs		157,248	115,970
(Gains)/losses on disposal of items of property, plant and equipment, net		1,354	(124)
Gains on lease modifications		(35)	(44)
Gains on bargain purchases		(5,498)	(3,194)
Gain on disposal of subsidiary		—	(41,963)
Liabilities waived upon liquidation of a subsidiary		(19,171)	—
Share of profit of a joint venture		(17,406)	(17,178)
Share of loss of an associate		—	18,927
Fair value (gains)/losses, net:			
Financial assets at fair value through profit or loss		—	(10)
Financial liabilities at fair value through profit or loss		91,541	5,830
Derivative instruments			
— transactions not qualifying as hedges		—	(2,817)
Foreign exchange gains, net		(17,027)	(38,170)
Equity-settled share option expense		43,848	—
Impairment of other receivables		2,000	—
Gain on disposal of investment in a joint venture, net		(7,640)	—
		901,813	694,154
Decrease in prepayments, deposits and other receivables		42,134	92,948
Decrease in trade receivables		44,358	54,650
Increase in contract cost assets		(7,595)	(12,704)
Decrease in amounts due from related parties		11,614	26,433
Decrease in contract liabilities		(309,119)	(403,297)
Increase/(decrease) in trade payables		(10,401)	13,795
Increase/(decrease) in amounts due to related parties		(5,757)	23,142
Placement of restricted cash		(5,404)	—
Decrease in other payables and accruals		(137,317)	(51,592)
Receipt of government grants related to expense items		4,362	7,215
Cash generated from operations		528,688	444,744
Bank interest received		6,832	10,174
Income tax paid		(17,557)	(50,092)
Net cash flows from operating activities		517,963	404,826

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Note	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(829,732)	(981,458)
Prepaid land lease payments		(40,460)	(588,121)
Additions to other intangible assets		(11,209)	(5,486)
Acquisition of subsidiaries	21	23,348	(147,428)
Loan to an acquiree before the acquisition		—	(40,000)
Payments for acquisition of subsidiaries in the prior year		—	(105,000)
Proceeds from disposal of items of property, plant and equipment		199	256
Proceeds from disposal of items of intangible assets		595	—
Decrease/(increase) in amounts due from related parties:			
Loans repaid by a joint venture		4,306	23,000
Interest income received from a joint venture		71	632
Loans provided to a joint venture		(3,575)	(4,306)
Loans provided to a related party		—	(181,587)
Prepayment to a related party for acquisition of a subsidiary		—	(50,000)
Receipt of government grants for property, plant and equipment		27,270	24,000
Loan to an independent third party		—	(45,000)
Decrease in time deposits with original maturity over three months		—	12,000
Disposal of a subsidiary		—	(59,422)
Investment income from financial assets at fair value through profit or loss		—	10
Loans and interest repaid by third parties		254,796	320
Proceeds from disposal of a subsidiary in the prior year		50,000	—
Proceeds from disposal of investment in a joint venture		7,640	—
Net cash flows used in investing activities		(516,751)	(2,147,590)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		1,394,747	449,245
Repayment of bank and other borrowings		(1,482,273)	(2,036,168)
Interest paid		(91,209)	(96,467)
Dividends paid to a former shareholder of subsidiaries		—	(8,441)
Principal portion of lease payments		(10,694)	(10,616)
Interest portion of the lease liabilities		(4,276)	(3,927)
Proceeds from the issue of shares		—	40,628
Receipts of loan deposits		2,600	2,300
Repayment to related parties		(82,467)	—
Repayment of other loans recorded in other payables		(42,967)	(11,922)
Net cash flows used in financing activities		(316,539)	(1,675,368)

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(315,327)	(3,418,132)
Cash and cash equivalents at beginning of the period	2,725,264	4,345,287
Effect of foreign exchange rate changes, net	23,460	(13,167)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,433,397	913,988
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position (note 13)	2,433,397	913,988
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	2,433,397	913,988

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

1. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 28 February 2023 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2022.

Going concern

As at 28 February 2023, the Group recorded net current liabilities of approximately RMB3,231,716,000. Included therein, the Group recorded the current portion of contract liabilities and deferred income of RMB1,390,755,000 and RMB77,246,000, respectively.

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

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

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2022, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The Group has assessed the impact of the adoption of the amendments and concluded that the amendments did not have any significant financial impact on the financial position and performance of the Group.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

3. OPERATING SEGMENT INFORMATION

For the six months ended 28 February 2023

	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Other RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Revenue from external customers	1,759,027	175,804	—	1,934,831
Segment results	652,815	61,874	(8,411)	706,278
<i>Reconciliation:</i>				
Interest income				15,884
Foreign exchange differences, net				17,027
Fair value change on convertible bonds				(91,541)
Non-lease-related finance costs				(166,697)
Unallocated corporate expenses				(24,705)
Profit before tax				456,246

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 28 February 2022

	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Other RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Revenue from external customers	1,355,922	170,602	—	1,526,524
Segment results	536,923	34,696	(3,165)	568,454
<i>Reconciliation:</i>				
Interest income				36,631
Fair value gains from financial assets at fair value through profit or loss				10
Foreign exchange differences, net				38,257
Fair value change on convertible bonds				(5,830)
Non-lease-related finance costs				(125,749)
Unallocated corporate expenses				(13,047)
Profit before tax				498,726

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

3. OPERATING SEGMENT INFORMATION *(continued)*

The following table presents information of assets and liabilities of the Group's operating segments as at 28 February 2023 and 31 August 2022:

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total segments RMB'000
Total assets				
28 February 2023 (Unaudited)	17,408,058	1,328,184	748,730	19,484,972
31 August 2022	17,248,514	1,322,986	708,055	19,279,555
Total liabilities				
28 February 2023 (Unaudited)	6,877,757	298,346	81,629	7,257,732
31 August 2022	7,434,705	351,005	82,538	7,868,248

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Revenue from contracts with customers	1,931,305	1,526,065
<i>Revenue from other resources</i>		
— rental of hostels and facilities	3,526	459
	1,934,831	1,526,524

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 28 February 2023

Segments	Note	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Tuition fees		1,510,330	161,913	1,672,243
Boarding fees		141,845	1,297	143,142
Sales of books and daily necessities		32,954	—	32,954
Others	(i)	73,898	9,068	82,966
Total revenue from contracts with customers		1,759,027	172,278	1,931,305
Timing of revenue recognition				
Services transferred over time		1,726,073	172,278	1,898,351
Goods transferred at a point in time		32,954	—	32,954
Total revenue from contracts with customers		1,759,027	172,278	1,931,305

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

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

For the six months ended 28 February 2022

Segments	Note	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Tuition fees		1,137,445	159,757	1,297,202
Boarding fees		98,000	429	98,429
Sales of books and daily necessities		35,572	—	35,572
Others	(i)	84,905	9,957	94,862
<hr/>				
Total revenue from contracts with customers		1,355,922	170,143	1,526,065
<hr/>				
Timing of revenue recognition				
Services transferred over time		1,320,350	170,143	1,490,493
Goods transferred at a point in time		35,572	—	35,572
<hr/>				
Total revenue from contracts with customers		1,355,922	170,143	1,526,065

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains

An analysis of other income and gains is as follows:

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Other income			
Bank interest income		11,139	13,996
Interest income from loans to related parties		501	511
Interest income from loans to independent third parties		4,244	22,124
Total interest income		15,884	36,631
Deferred income released to profit or loss:			
— related to assets	16	26,176	6,065
— related to expenses	16	10,613	7,328
Government grants received	(ii)	8,819	4,275
Rental income		13,293	5,818
Service income	(iii)	34,446	32,120
Others	(i)	18,583	14,228
		127,814	106,465
Gains			
Gains on disposal of items of property, plant and equipment		118	205
Gain on disposal of a subsidiary		—	41,963
Gain on disposal of investment in a joint venture, net		7,640	—
Liabilities waived upon liquidation of a subsidiary		19,171	—
Fair value gains on financial assets at fair value through profit or loss, net		—	10
Fair value gain on an interest swap		—	2,817
Gains on bargain purchases		5,498	3,194
Gains on lease modifications		35	44
Gain on exchange differences, net		17,027	38,257
		49,489	86,490
Total other income and gains		177,303	192,955

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains *(continued)*

Notes:

- (i) During the Period and the six months ended 28 February 2022, "Others" mainly represented income received from the provision of other education services, including self-study examination education services, adult education services, registration services and training services to the students and independent third parties, which was amortised within the training periods of the services rendered.
- (ii) Government grants received represented 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 Period and the six months ended 28 February 2022, service income mainly represented income derived from granting the rights of canteen and convenient store operations to independent third-party operators and income from services provided to the students related to the introduction of internship and studying abroad.

5. FINANCE COSTS

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

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Interest on bank loans and other borrowings	145,585	109,937
Less: Interest capitalised	(2,544)	(4,356)
Interest on lease liabilities	4,275	5,150
Increase in the discounted amounts of payables arising from the passage of time	23,656	20,168
	170,972	130,899
Capitalisation rate of borrowing costs capitalised	7.05%	6.11%

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

6. PROFIT BEFORE TAX

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

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Cost of services provided	962,246	752,006
Management fees*	58,288	96,343
Equity-settled share option expense	43,848	—
Impairment losses on other receivables	2,000	—
Auditors' remuneration	3,100	3,300
Fair value losses on convertible bonds	91,541	5,830

* During the Period and the six months ended 28 February 2022, management fees represented the annual fees payable to the universities into which the Group had entered cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

7. INCOME TAX

The major components of income tax expense of the Group for the Period and for the six months ended 28 February 2022 of the Group are as follows:

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Current — Mainland China	13,384	61,946
Current — Malaysia	3,726	2,945
Deferred	10,678	4,015
Total tax charged for the period	27,788	68,906

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

7. INCOME TAX *(continued)*

The Company is not subject to income tax from the business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended 28 February 2022.

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 People’s Republic of China (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 the interim condensed financial information, the PRC Schools are in the process of classification registrations and remain as private non-enterprise units.

Considering that the relevant taxation policy on 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 have been announced, if the school nature has not yet been changed, 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 Period. Subsequent to the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to PRC corporate income tax at a rate of 25% in respect of income from the provision of formal educational services.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

7. INCOME TAX *(continued)*

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%. Certain subsidiaries that were established in Horgos, Xinjiang Autonomous Region are exempted from income tax for the first five years after they have obtained their first production and operation income, in accordance with the preferential tax rules.

All of the Group's non-school subsidiaries established in the PRC were subject to PRC corporate income tax at a rate of 25% during the Period, except those subsidiaries which are mentioned above.

Subsidiaries incorporated in Malaysia were subject to corporate income tax at a rate of 24% during the Period.

Non-school subsidiaries incorporated in Thailand were subject to corporate income tax at a rate of 20% and the school incorporated in Thailand was exempted from corporate income tax during the Period.

Subsidiaries incorporated in Hungary were subject to corporate income tax at a rate of 9% during the Period.

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

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

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	428,407	430,176
Add/(less): Fair value losses/(gains) and foreign exchange differences on convertible bonds	—	(36,881)
Profit attributable to ordinary equity holders of the Company, before fair value losses/(gains) and foreign exchanges on convertible bonds used in the diluted earnings per share calculation	428,407	393,295

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

Number of shares

	Notes	For the six months ended	
		28 February 2023 (Unaudited)	28 February 2022 (Unaudited)
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation	(i)	8,027,550,706	8,006,367,997
Effect of dilution — weighted average number of ordinary shares:	(ii)		
Share options — 2018 Pre-IPO Share Option Scheme	(iii)	—	28,799,011
Share options — 2022 Share Option Scheme	(iv)	137,554,217	—
Convertible bonds		—	704,827,273
Weighted average number of ordinary shares used in the diluted earnings per share calculation		8,165,104,923	8,739,994,281

Notes:

- (i) The weighted average number of 8,027,550,706 ordinary shares was the ordinary shares in issue during the Period (six months ended 28 February 2022: 8,006,367,997 ordinary shares in issue).
- (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.
- (iii) No adjustment has been made to the basic earnings per share amount presented for the Period in respect of a dilution for the share options under the 2018 Pre-IPO Share Option Scheme as the exercise price was higher than the average market price of the Company during the Period.
- (iv) When taking convertible bonds into account in the calculation of diluted earnings per share, the profit attributable to ordinary equity holders of the Company would increase by RMB107,862,000 and the weighted average number of ordinary shares would increase by 634,545,925 shares, and had an anti-dilutive effect on the basic earnings per share for the Period and were ignored in the calculation of diluted earnings per share for the Period.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

9. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT, PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Interests in land held for property development RMB'000 (Unaudited) (note (a))	Property, plant and equipment RMB'000 (Unaudited) (note (b))	Other intangible assets RMB'000 (Unaudited) (note (c))	Right-of-use assets RMB'000 (Unaudited)
Carrying amounts at 1 September 2022	575,317	10,582,035	1,256,070	1,956,751
Additions	171,311	636,538	8,431	1,025
Acquisition of subsidiaries (note 21)	—	61,692	555	32,098
Disposals	—	(1,723)	(595)	—
Reclassification to assets held for sale	—	(2,029)	—	(4,672)
Depreciation/amortisation charged to profit or loss for the Period	(6,000)	(206,162)	(18,166)	(31,732)
Depreciation capitalised	—	708	—	(708)
Adjustment due to lease modifications	—	—	—	(152)
Reclassified to investment property	—	(12,244)	—	—
Exchange realignment	—	12,619	944	1,617
Carrying amounts at 28 February 2023	740,628	11,071,434	1,247,239	1,954,227

Notes:

- (a) The Group's interests in land use rights for property development are 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.
- (b) As at 28 February 2023, the Group has been in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB2,293,163,000 (31 August 2022: RMB1,965,261,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.
- (c) As at 28 February 2023, management concluded that there was no impairment indicator of trade name with indefinite useful life with a net carrying amount of RMB148,869,000 and thus no impairment test was performed with details in note 10.
- (d) As at 28 February 2023, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB265,068,000 (31 August 2022: RMB301,790,000) were pledged to secure the bank loans granted to the Group (note 17(a)).
- (e) As at 28 February 2023, the Group's leasehold land with a net carrying amount of approximately RMB24,226,000 (31 August 2022: RMB29,901,000) was pledged to secure the bank loans granted to the Group (note 17(a)).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

10. GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

	Intangible assets with indefinite lives	Goodwill
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost and net carrying amount at 1 September 2022	147,934	2,031,266
Acquisition of subsidiaries during the Period (note 21)	—	6,581
Exchange realignment	935	1,209
Cost and net carrying amount at 28 February 2023	148,869	2,039,056

The Group performed its annual impairment testing as at each 31 August and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the annual consolidated financial statements for the year ended 31 August 2022. During the Period, in the opinion of management, there were no significant adverse changes in the operating results and macro environment for the education business in Mainland China. And management concluded that there was no impairment indicator of goodwill and intangible assets with indefinite lives as at 28 February 2023. Accordingly, management did not perform impairment testing on goodwill and intangible assets with indefinite lives as at 28 February 2023.

11. TRADE RECEIVABLES

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

	28 February 2023	31 August 2022
	RMB'000	RMB'000
	(Unaudited)	
Within 1 month	6,659	43,074
1 to 2 months	17,536	1,123
2 to 3 months	15,607	10,734
Over 3 months	46,582	72,193
	86,384	127,124

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Current portion:			
Loans to third parties	(a)	437,515	528,550
Interest receivables from third parties	(a)	35,848	180,110
Cash in transit		1,262	49,134
Prepayments for management fees		1,531	1,531
Prepaid expenses		75,063	42,051
Deposits		25,289	32,390
Staff advances		37,367	12,367
Interest receivable from time deposits		26,029	21,722
Amounts due from the local finance department		229	85,513
Amounts due from a former related party		181,587	181,587
Loans to the government		581	8,455
Bills receivable		10,000	10,000
Other receivables		103,573	62,447
		935,874	1,215,857
Non-current portion:			
Prepayments for property, plant and equipment		81,365	33,146
Prepayments for intangible assets		1,165	10
Prepayments for acquisitions		50,000	50,000
Prepayments for land lease payments		103,839	226,816
Loans to a third party	(a)	15,000	30,000
Security deposits for other borrowings		34,973	34,140
		286,342	374,112
		1,222,216	1,589,969

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) Loans to third parties and interest receivables from third parties consisted of the following:

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Guixi Property:	(i)		
Principal		345,515	446,550
Interest receivables		—	148,761
		345,515	595,311
Zhongsheng Real Estate:	(ii)		
Principal		107,000	112,000
Interest receivables		35,848	31,349
		142,848	143,349
		488,363	738,660

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(a) Loans to third parties and interest receivables from third parties consisted of the following: *(continued)*

- (i) Loans to Chengdu Wuhou Guixi Property Development Company Limited (“Guixi Property”), a company controlled by the previous ultimate shareholder of Sichuan TOP IT Vocational Institute, bear interest at a fixed rate of 7.5% per annum. 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 sponsor rights of a hospital (the “Preserved Properties”), which had been passed by the people’s court.

During the period, parts of the Collaterals had been auctioned and the proceeds from the disposal of collaterals had been used to repay the principal and interest due from Guixi Property.

As at 28 February 2023, after considering the repayment of the loans through the proceeds from the auction, the principal of RMB345,515,000 had been past due. The Group does not recognise any expected credit losses (“ECLs”) as the expected discounted cash flow from the remaining Collaterals and the Preserved Properties was over the principal loans.

The Group has taken actions in recovering the principal through the Collaterals and the Preserved Properties.

- (ii) The balance represented loans to Chongqing Zhongsheng Real Estate Development Co., Ltd. (“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.

Except as disclosed above, all the receivables are interest-free, are not secured with collateral and have no recent history of default.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

13. CASH AND CASH EQUIVALENTS

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Cash and bank balances		2,487,058	2,773,514
Time deposits with original maturity of over three months		260,000	260,000
		2,747,058	3,033,514
<i>Less:</i>			
<i>Pledged deposits for:</i>			
Bank loans — Current	17(a)	(260,000)	(261,075)
<i>Restricted bank balance in escrow accounts</i>	(i)		
Current		(30,687)	—
Non-current		(8,243)	(36,193)
<i>Other restricted bank balances — current</i>		(14,731)	(10,982)
Total pledged and restricted deposits		(313,661)	(308,250)
Cash and cash equivalents		2,433,397	2,725,264

Notes:

- (i) The amount mainly represents cash received from the relevant government authorities and placed into escrow accounts for the construction of a new campus and procurement of school equipment in Jiangxi Province.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

13. CASH AND CASH EQUIVALENTS *(continued)*

The cash and bank balances were denominated in the following currencies:

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
RMB	2,437,111	2,533,467
Hong Kong Dollar ("HK\$")	13,419	31
Malaysian Ringgit ("RM")	163,389	149,612
United States Dollar ("US\$")	79,892	302,555
Thailand Baht ("THB")	53,247	47,849
Cash and bank balances	2,747,058	3,033,514

14. TRADE PAYABLES

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

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Within 1 month	12,036	10,137
1 to 2 months	9,743	2,097
2 to 3 months	5,218	1,488
Over 3 months	20,926	44,857
	47,923	58,579

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

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

15. OTHER PAYABLES AND ACCRUALS

Note	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Current portion:		
	748,746	853,337
	632,993	631,953
	105,210	105,210
	141,611	197,553
	181,931	188,237
	120,681	142,363
	31,099	25,610
	94,279	45,580
	72,916	96,665
	65,421	68,386
	109,480	123,508
	336,329	308,239
(a)	52,003	92,003
	78,760	106,330
	75,832	75,832
	2,847,291	3,060,806
Non-current portion:		
	493,107	559,813
	322,447	313,098
	12,254	12,220
	827,808	885,131
	3,675,099	3,945,937

Note:

- (a) Loans from third parties provided by two companies controlled by a former shareholder of Xi'an Siyuan University ("Shaanxi University"), which bore interest at the respective interest rates of 15% and 15.5% per annum, were unsecured and repayable on demand.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

16. DEFERRED INCOME

	Government grants related to expense items	Government grants related to assets
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 September 2022	35,787	1,574,420
Government grants received	4,362	27,270
Acquisition of subsidiaries	664	—
Released to profit or loss (note 4)	(10,613)	(26,176)
At 28 February 2023	30,200	1,575,514
<i>Current</i>	30,200	47,046
<i>Non-current</i>	—	1,528,468

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	28 February 2023			31 August 2022		
	Effective interest rate (%) (Unaudited)	Maturity (Unaudited)	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	4.00–7.00	2023–2024	1,340,000	4.00–7.00	2023	1,089,245
Bank loans — secured	—	on demand	3,570	—	on demand	3,570
Bank loans — unsecured	4.85	2023–2024	25,704	4.85	2023	100,895
Current portion of:						
— long term bank loans						
— secured	4.34–6.84	2023–2024	400,400	4.34–6.84	2021–2022	444,132
— syndicated loan						
— secured	2.25+HIBOR	2023–2024	60,393	—	—	—
— other borrowings						
— secured	6.81–15.05	2023–2024	634,095	6.82–15.05	2022–2023	922,902
			2,464,162			2,560,744
Non-current						
Bank loans — secured	4.34–6.84	2024–2025	208,600	4.34–6.84	2023–2025	317,800
Syndicated loan — secured	2.25+HIBOR	2024–2025	482,732	—	—	—
Other borrowings — secured	6.81–15.05	2024–2026	920,850	6.82–15.05	2023–2026	1,245,115
			1,612,182			1,562,915
			4,076,344			4,123,659

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

17. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

The Group's bank and other borrowings are denominated in the following currencies:

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
RMB	3,533,219	4,123,659
HKD	543,125	—
Bank and other borrowings	4,076,344	4,123,659

The Group's bank loans 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 RMB159,000,000 as at 28 February 2023 (31 August 2022: RMB182,000,000):

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
<i>Net book amount of:</i>		
Property, plant and equipment (note 9(d))	265,068	301,790
Prepaid land lease payments (note 9(e))	24,226	29,901
	289,294	331,691

- (ii) Buildings and car parks of third parties:

The bank and other loans of the Group amounting to Nil as at 28 February 2023 (31 August 2022: RMB25,372,000) were pledged by the buildings owned by third parties.

- (iii) The Group's time deposits amounting to RMB260,000,000 (note 13) as at 28 February 2023 (31 August 2022: RMB260,000,000) were pledged for the bank loan of the Group amounting to RMB250,000,000 (31 August 2022: RMB250,000,000).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

17. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

- (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 Nil as at 28 February 2023 (31 August 2022: RMB264,000,000).
 - (ii) 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 RMB96,000,000 as at 28 February 2023 (31 August 2022: RMB115,200,000).
 - (iii) 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 28 February 2023 (31 August 2022: RMB150,000,000).
 - (iv) 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 RMB645,570,000 as at 28 February 2023 (31 August 2022: RMB757,715,000).
 - (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 28 February 2023 (31 August 2022: RMB200,000,000).
- (c) The rights over tuition or boarding fees of the following schools:

	Loan amount	
	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Sichuan Tianyi College	—	19,732
Sichuan Vocational College of Culture & Communication	200,000	200,000
Southwest Jiaotong University Hope College	645,570	757,715
Sichuan TOP IT Vocational Institute	—	264,000
Suzhou Top Institute, Kunshan Technical School	96,000	115,200
Shaanxi University	105,150	119,440
Xi'an Siyuan Middle School	3,929	14,647
Guizhou Vocational Institute of Technology	100,000	100,000
Jinken Vocational and Technical College	—	25,372
College of Science and Technology	162,000	222,000
	1,312,649	1,838,106

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

17. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

In addition, certain of the Group's bank loans are guaranteed by the following parties:

	Loan amount	
	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Related parties' guarantees		
— Tequ Education and Mr. Wang Huiwu	13,289	21,607
— Mr. Wang Huiwu	1,553,184	1,648,307
	1,566,473	1,669,914
Former shareholders of:		
— Shaanxi University	109,079	159,630
— Jinken Vocational and Technical College	24,000	100,372
	133,079	260,002
	1,699,552	1,929,916

18. CONVERTIBLE BONDS

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

18. CONVERTIBLE BONDS *(continued)*

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, with transaction costs relating to the issuance of the convertible bonds immediately charged to profit or loss, and subsequently 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.

As at 28 February 2023, the fair values of the convertible bonds were RMB1,979,776,000 (31 August 2022: RMB1,871,914,000), which were determined by an independent qualified valuer based on the binomial model.

19. SHARE CAPITAL

	28 February 2023 US\$ (Unaudited)	31 August 2022 US\$
Authorised:		
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 2022: 8,027,550,706 ordinary shares) of US\$0.00001 each	80,276	80,276
Equivalent to approximately	RMB544,815	RMB544,815

20. DIVIDENDS

At the meeting of the board of directors held on 27 April 2023, the Directors did not recommend any payment of interim dividend (Six months ended 28 February 2022: Nil).

21. BUSINESS COMBINATIONS

- (a) On 28 October 2022, the Group acquired an 80% interest in sponsor right pertaining to Guilin Shanshui Vocational College, and an 80% interest in sponsor right pertaining to Affiliated Secondary Professional School of Guilin Shanshui Vocational College (collectively “Guangxi School”), at a purchase consideration of RMB12,000,000.

The acquisition of Guangxi School 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 synergy with other schools of the Group.

- (b) On 28 November 2022, the Group acquired a 100% equity interest in ATALANTA OKTATASI KORLATOLT FELELOSSEGU TARSASAG and its subsidiary, Wekerle Sandor Business School (the “Wekerle School”), which is engaged in the provision of private higher education services in Hungary. The purchase consideration was EUR802,000 (equivalent to approximately RMB6,047,000).

Wekerle School 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.

The principal activity of the above newly acquired schools is mainly the provision of education services.

The acquisitions of Guangxi School and Wekerle School have been accounted for using the acquisition method.

The Group has elected to measure the non-controlling interest in the Guangxi School at the non-controlling interest’s proportionate share of the Guangxi School’s identifiable net assets.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

21. BUSINESS COMBINATIONS *(continued)*

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

	Wekerle School RMB'000 (Unaudited)	Guangxi School RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Property, plant and equipment	—	61,692	61,692
Right-of-use assets	17,458	14,640	32,098
Other intangible assets	—	555	555
Cash and bank balances	70	39,774	39,844
Trade receivables	—	3,214	3,214
Prepayments and other receivables	2,329	4,520	6,849
Contract liabilities	—	(20,083)	(20,083)
Accruals and other payables	(2,933)	(27,420)	(30,353)
Due to a related party	—	(54,355)	(54,355)
Lease liabilities	(17,458)	—	(17,458)
Deferred income	—	(664)	(664)
Total identifiable net assets at fair value	(534)	21,873	21,339
Less: non-controlling interests	—	(4,375)	(4,375)
	(534)	17,498	16,964

In the opinion of the Directors, the fair values of trade receivables, prepayments and other receivables as at the respective acquisition date of Wekerle School and Guangxi School amounted to RMB2,329,000 and RMB7,734,000, respectively, equivalent to the total gross contractual amounts of these trade receivables, prepayments and other receivables with none 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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

21. BUSINESS COMBINATIONS *(continued)*

Goodwill arising from the above acquisitions:

	Wekerle School RMB'000 (Unaudited)	Guangxi School RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Consideration satisfied by:			
Cash	4,496	12,000	16,496
Prepayments in the prior year	511	—	511
Other payable	1,040	—	1,040
Total consideration	6,047	12,000	18,047
Less: Net assets acquired	(534)	17,498	16,964
Gain on a bargain purchase	—	(5,498)	(5,498)
Goodwill	6,581	—	6,581

The gain on a bargain purchase arose from the increase in fair value of the property, plant and equipment and right-of-use assets of Guangxi School and the vendor was eager to dispose of the investment due to its 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.

Analyses of the cash flows in respect of the above acquisitions are as follows:

	Wekerle School RMB'000 (Unaudited)	Guangxi School RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Cash paid during the period	(4,496)	(12,000)	(16,496)
Cash and cash equivalents acquired	70	39,774	39,844
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	(4,426)	27,774	23,348

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

21. BUSINESS COMBINATIONS *(continued)*

Contribution to the Group's revenue and consolidated profit for the Period since the respective acquisition date are as follows:

	Wekerle School RMB'000 (Unaudited)	Guangxi School RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	2,131	15,115	17,246
Consolidated profit	55	2,471	2,526

Had the combination taken place at the beginning of the Period, the revenue of the Group and the profit of the Group for the Period would have been as follows:

	Wekerle School RMB'000 (Unaudited)	Guangxi School RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	3,655	24,327	27,982
Consolidated profit	84	7,433	7,517

22. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting periods:

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Contracted but not provided for:		
Property, plant and equipment	836,395	766,837
Prepaid land lease payments	37,732	37,732
Acquisition of equity interests	—	9,489
	874,127	814,058

23. 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 Period.

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
Mr. Wang Xiaoqiang	Close relative of Mr. Wang Huiwu
Ziyang Automobile Science and Technology Vocational College ("Ziyang Automobile College")	A school controlled by Tequ Education
Sichuan Mayflower Wine Sales Co., Ltd. ("Mayflower Wine Sales")	A company controlled by a 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
Sichuan Mayflower Construction Project Co., Ltd. ("Sichuan Mayflower Construction")	A company controlled by Mr. Wang Huiwu
Xiwang Tianyuan Insurance Co., Ltd. ("Tianyuan Insurance")	A company controlled by Mr. Wang Huiwu
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Sichuan Wuyang Construction Project Co., Ltd. ("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
Guizhou Mayflower Real Estate Development Co. Ltd. ("Guizhou Mayflower Property")	A company controlled by Sichuan Mayflower
Gongqing College of Nanchang University	Joint venture of the Group
Meishan Tequ Linjia Education Consulting Co., Ltd. ("Meishan Tequ Linjia")	A company controlled by a close relative of Mr. Wang Degen
Meishan Tequ Shuanglin Education Consulting Co., Ltd. ("Shuanglin Education")	A company controlled by a close relative of Mr. Wang Degen
Chengdu Wanfengyuan Catering Service Co. Ltd. ("Chengdu Wanfengyuan Catering Service")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Pengyang Enterprise Management Consulting Co., Ltd. ("Chengdu Pengyang")	A company controlled by Mr. Wang Huiwu
Xi'an Siyuan Middle School	A school legally owned by the Group
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Sichuan Tequ Mayflower")	A company controlled by Mr. Wang Huiwu

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(a) Name and relationship *(continued)*

Related parties	Relationships
Chengdu Wukuaiwu Catering Management co., Ltd. ("Chengdu Wukuaiwu Catering Management")	A company controlled by a close relative of Mr. Wang Huiwu
Sichuan Top Computer Vocational School	A school controlled by Tequ Education
Chengdu Wuhou District Jiuyiling Cultural Training School Co., Ltd. ("Jiuyiling Cultural Training School")	A company controlled by Mr. Wang Huiwu
Sichuan Hope Insurance Agent Co., Ltd ("Sichuan Hope Insurance Agent")	A company controlled by a close relative of Mr. Wang Huiwu

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties:

(i) Loans provided to related parties

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
A joint venture*		
Loans provided	3,575	4,306
Loans repaid	(4,306)	(23,000)
Interest expense charged	501	511
Interest received	(71)	(632)
Effective interest rate, per annum	6.5%–8%	6%–6.5%
Shuanglin Education**	—	181,587

* The Group provided loans to and collected loans repaid by Gongqing College of Nanchang University during the Period and the six months ended 28 February 2022.

** The interest-free loan provided to Shuanglin Education during the six months ended 28 February 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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(ii) Loans received from related parties:

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Loans repaid*	(75,169)	—
Interest expense charged	611	5,389
Interest paid	(7,298)	—
Effective interest rate, per annum	nil-15%	6%

The Group repaid loans to Sichuan Mayflower Construction and Sichuan Tequ Mayflower during the Period.

(iii) Procurement of property, equipment and fixtures

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Wuyang Construction	16,769	—
Other related parties	—	30
	16,769	30

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(iv) Goods purchased and services received from related parties

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Chengdu Wanfengyuan Catering Service	5	1,451
Mayflower Wine Sales	540	1,271
Chengdu Mayflower Property Management	1,182	337
Tianyuan Insurance	188	881
Mr. Wang Xiaoqiang	—	127
Others	456	140
	2,371	4,207

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

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Ziyang Automobile College	944	339
Rongxing Driving School	214	524
Others	70	9
	1,228	872

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(vi) Goods sold and services provided to related parties

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Gongqing College of Nanchang University	15,369	10,363
Chengdu Mayflower Property Management	370	299
Chengdu Wanfengyuan Catering Service	3,021	241
Chengdu Wukuaiwu Catering Management	4,117	—
Others	2,324	548
	25,201	11,451

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

As disclosed in note 21 (a), the Company acquired the sponsor right pertaining to Guangxi School by acquiring the 80% equity interests in Guangxi Guilin Yijia Education Management Co., Ltd. (廣西桂林一嘉教育管理有限責任公司) from a related party, Shanghai Shiji Dingli Education Technology Co., Ltd., at a purchase consideration of RMB12,000,000.

(c) Balances with related parties

The Group had outstanding balances due from and to related parties at the end of the Period.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Amounts due from related parties

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Non-trade in nature — current		
Gongqing College of Nanchang University	14,163	14,442
Trade in nature — current		
Chengdu Mayflower Technical	1,783	1,793
Gongqing College of Nanchang University	8,826	9,322
Chengdu Mayflower Property Management	890	1,850
Ziyang Automobile College	3,100	4,536
Guizhou Mayflower Property	1,313	1,313
Xi'an Siyuan Middle School	1,657	7,401
Chengdu Pengyang	457,000	507,000
Chengdu Wanfengyuan Catering Service	689	1,971
Shuanglin Education	181,587	181,587
Sichuan Top Computer Vocational School	2,348	—
Others	2,032	2,019
Total current	675,388	733,234
Trade in nature — non-current		
Meishan Tequ Linjia	50,000	50,000
	725,388	783,234

Except for the amounts due from Gongqing College of Nanchang University of RMB14,163,000, amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Amounts due to related parties

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Non-trade in nature — current		
Mr. Wang Huiwu	359,230	355,922
Sichuan Mayflower Construction	—	27,501
Sichuan Tequ Mayflower	18,000	18,000
	377,230	401,423
Trade in nature — current		
Wuyang Construction	43,968	80,941
Gongqing College of Nanchang University	876	4,620
Sichuan Tequ Mayflower	47,203	49,314
Sichuan Top Computer Vocational School	4,441	3,889
Others	1,027	3,592
	97,515	142,356
	474,745	543,779

None of the amounts above are secured, with interest or have fixed terms of repayment.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

23. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

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

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,605	1,367
Equity-settled share option expense	3,857	—
Pension scheme contributions	167	146
	5,629	1,513

24. 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.

2018 Pre-IPO Share Option Scheme

During the Period, no share options under the 2018 Pre-IPO Share Option Scheme are exercised. The following table discloses the details of share options outstanding under the 2018 Pre-IPO Share Option Scheme as at 28 February 2023:

	Number of share options	Exercise price per share HK\$	Fair value per share RMB	Exercise period
2018 Pre-IPO Share Option Scheme				
Tranche A Options	168,372	0.6800	0.4427	30.1.2019–18.3.2038
Tranche B Options	125,037,323	1.0700	0.3542	30.1.2019–18.3.2038
Tranche C Options	105,081,559	1.3000	0.3133	30.1.2019–18.3.2038
	230,287,254			

24. SHARE OPTION SCHEME *(continued)*

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. During the Period, no share options under the 2022 Share Option Scheme were exercisable. The following table discloses the details of share options outstanding under the 2022 Share Option Scheme as at 28 February 2023:

	Number of share options	Exercise price per share HK\$	Fair value per share RMB	Exercise period
2022 Share Option Scheme	612,505,822	0.486	0.145	11.5.2023–30.11.2032

The fair value of the share options granted under the 2022 Share Option Scheme was RMB88,665,000, of which the Group recognised a share option expense of RMB43,848,000 during the Period (Six months ended 28 February 2022: Nil).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amount		Fair value	
	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	8,243	36,193	8,243	36,193
Other receivables, non-current portion	49,973	64,140	49,973	64,140
	58,216	100,333	58,216	100,333
Financial liabilities				
Other payables, non-current portion	505,361	572,033	505,361	572,033
Liability of a put option granted to a shareholder	322,447	313,098	322,447	313,098
Convertible bonds	1,979,776	1,871,914	1,979,776	1,871,914
Interest-bearing bank loans, non-current portion	1,612,182	1,562,915	1,637,110	1,588,139
	4,419,766	4,319,960	4,444,694	4,345,184

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

25. 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 28 February 2023 were assessed to be insignificant.

The fair value of convertible bonds is 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 28 February 2023:

	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	63.80% (31 August 2022: 55.40%)	5% increase/decrease would result in increase/decrease in fair value by RMB250,000/RMB299,000
		Discount rate	14.04% (31 August 2022: 12.53%)	5% increase/decrease would result in decrease/increase in fair value by RMB3,963,000/RMB3,976,000

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

The Group did not have any financial assets measured at fair value as at 28 February 2023 and 31 August 2022.

Liabilities measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets Level 1 RMB'000 (Unaudited)	Significant observable inputs Level 2 RMB'000 (Unaudited)	Significant unobservable inputs Level 3 RMB'000 (Unaudited)	
As at 28 February 2023				
Convertible bonds	—	—	1,979,776	1,979,776

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

28 FEBRUARY 2023

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
As at 31 August 2022				
Convertible bonds	—	—	1,871,914	1,871,914

26. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant event after the reporting period that needs to be disclosed.

27. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 27 April 2023.

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

“Automotive College”	Sichuan Hope Automotive Vocational College* (四川希望汽車職業學院)
“Automotive Technician College”	Sichuan Hope Automotive Technician College* (四川希望汽車技師學院)
“Board” or “Board of Directors”	The board of Directors of the Company
“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”, “our Company” or “Hope Education”	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
“Guangxi School”	Guilin Shanshui Vocational College (桂林山水職業學院)
“HK\$”, “Hong Kong Dollar(s)” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hope College”	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
“IFRS”	The International Financial Reporting Standard(s)

DEFINITIONS

“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 on 3 August 2018
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Metharath University”	Faith Star (Thailand) Company Limited and its subsidiary Metharath University
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“MOE”	Ministry of Education of the PRC
“Reporting Period”	The six months ended 28 February 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	Ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of our Company
“Shareholder(s)”	Holder(s) of the Share(s)
“Sichuan 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”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	Has the meaning ascribed to it in the Listing Rules
“Tianyi College”	Sichuan Tianyi College* (四川天一學院)
“U.S.” or “United States”	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Dollar(s)” or “US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“%”	Percent