希望教育集团
HOPE EDUCATION GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1765

2023
Annual Report

CONTENTS

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. Lu Zhichao
Mr. Tang Jianyuan

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
(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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISOR AS TO HONG KONG LAW

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

AUDITOR

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

COMPLIANCE ADVISOR

Giraffe Capital Limited
3/F, 8 Wyndham Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of China

COMPANY'S WEBSITE

www.hopeedu.com

STOCK CODE

1765

OUR SCHOOLS

Schools Overview and Distribution

We operate 24 schools domestically and overseas, including 11 colleges & universities, 11 junior colleges and 2 technician colleges

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Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the Company's report for the financial year ended 31 August 2023.

OVER THE PAST YEAR, BY FOCUSING ON QUALITY, WE ACHIEVED REMARKABLE RESULTS

1. Steady improvement in the quality of talent cultivation and new achievements in brand building of colleges

By strengthening practical training capabilities, teaching team, teaching research and curriculum system construction, each of our college promoted the overall improvement of education and teaching quality. Teachers and students from each of our colleges, by participating in various professional domestic and overseas competitions, have won 236 national awards and 913 provincial and ministerial awards in total, hitting a record high. It fully demonstrated students' ability to apply professional knowledge to solve practical problems and the quality of talent cultivation. INTI International University in Malaysia ranked 556th in the QS World University Rankings, and 5 higher vocational colleges in China were ranked in the top 200 in the 2023–2024 Private Higher Vocational Schools Competitiveness Ranking (2023–2024年民辦高職高專院校競爭力排行榜). The social reputation and word-of-mouth of schools were steadily enhanced.

2. Focus on students, optimize services, promote employment, and steadily improve student satisfaction

Each of our colleges have continued to promote the construction of smart campuses, by optimizing the logistics service assurance system with students as the centre, paying attention to the comprehensive development of students, and meeting the diversified development needs of students, leading to a continuous growth in student satisfaction. Each of our colleges made every effort in promoting school-enterprise cooperation, building employment platforms and expanding employment channels to promote high-quality employment of graduates, resulting in a steady increase in the employment rate of graduates.

3. Organize various trainings to take the initiative to serve the society

Giving full play to the advantages of training resources in the education industry, each of our colleges took the initiative to carry out various employment and re-employment training for the society and the grassroots, and actively organized college students' entrepreneurship and employment training, new peasants training, home-returning entrepreneurship training, job transfer training and veteran training to fully demonstrate their social responsibilities.

LOOKING AHEAD, WE WILL WORK TOGETHER TO STRENGTHEN OUR BRAND AND TAKE A LONG-TERM RESPONSIBILITY

1. Full implementation of quality-first development strategy

According to the school operation positioning of "one school with one characteristic" and the national requirements for the high-quality development of colleges, each of our colleges will make up for shortcomings as soon as possible, accelerate the construction of campus, strengthen the construction of teaching and practical training capabilities, strengthen the construction of teacher teams, deepen teaching reform, strengthen featured majors, comprehensively improve the quality of talent training of colleges, and strive to deliver more high-quality talents and professional skills to the society.

2. Promoting industry-education integration and school-enterprise cooperation through innovation

Each of our colleges will cultivate talents to meet the needs of social economy and industrial development by promoting industry-education integration and school-enterprise cooperation through innovation. Firstly, we explored the establishment of a vocational education group integrating industry and education to achieve the complementation of advantageous resources and comprehensively improve the quality of talent cultivation. Secondly, by building on the respective professional advantages, each of our colleges established modern industry colleges with leading enterprises and jointly held a "customized class" with enterprises to jointly cultivate talents needed for the industry.

3. Actively promote overseas development strategy

The "Belt and Road Initiative" has entered its golden decade. The Company will actively respond to the national initiative to carry out international vocational education exchanges and cooperation. While continuing to operate well with INTI International University in Malaysia, Metharath University in Thailand and Wekerle Business School in Hungary, we will actively expand the overseas higher education business, promote the sharing of quality resources in domestic and overseas colleges, and implement various forms of collaborative education, and jointly cultivate international vocational skilled talents.

4. Keep up the good work in vocational skills training

Each of our colleges will take vocational skills training as an important task to serve society, realizing the full potential of training resource advantages of our colleges. Following the requirements of "14th Five-Year Vocational Skills Training Plan" (《「十四五」職業技能培訓規劃》), "Opinions on Strengthening the Building of a Highly Skilled Workforce for the New Era" (《關於加強新時代高技能人才隊伍建設的意見》) issued by the government, by carrying out various trainings for university graduates, industrial workers, key employment groups, as well as urban and rural workers, we have helped the development of the industry and the construction of a skilled society.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to all local governments, all sectors of society and our Shareholders for their long-term care and support for the development of the Company. I would also like to thank all our students and parents. Also, I would like to express my sincere appreciation to the Board members, senior management as well as the management and teaching staff in each of our colleges for their contribution and dedication. We will continue to improve the quality of school operation, enhance the brand name of our colleges, and create a new horizon for high-quality development of our colleges with confidence and steady progress.

Hope Education Group Co., Ltd.
He Shengli
Chairman

Hong Kong, 30 November 2023

KEY ITEMS OF FINANCIAL POSITION AND CASH FLOWS

A summary of the key items of financial position and cash flows for year/period ended, as extracted from the published audited financial statements, are set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in millions of RMB				
	Year ended 31 August			Period from 1 January 2020 to 31 August	Year ended 31 December
	2023	2022	2021	2020	2019
Total revenue	**3,581.63**	3,042.69	2,324.27	872.08	1,331.38
Gross profit	**1,680.18**	1,395.14	1,175.97	377.61	674.50
Adjusted gross profit	**1,760.77**	1,492.23	1,237.12	406.53	692.85
Profit for the year	**210.77**	445.90	605.12	119.35	490.03
Adjusted net profit	**874.81**	758.58	866.36	201.26	501.16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	in millions of RMB				
	As at 31 August			As at 31 August	As at 31 December
	2023	2022	2021	2020	2019
Assets					
Non-current assets	**18,159.87**	17,412.90	14,174.61	8,457.80	7,343.10
Current assets	**4,141.53**	4,900.17	5,719.65	3,958.28	3,508.07
Total assets	**22,301.40**	22,313.07	19,894.26	12,416.08	10,851.17
Equity and Liabilities					
Current liabilities	**9,410.98**	8,177.61	6,904.59	3,368.25	3,137.17
Non-current liabilities	**4,450.69**	6,087.63	5,182.84	3,361.41	3,148.71
Total equity	**8,439.73**	8,047.83	7,806.83	5,686.42	4,565.29

HIGHLIGHTS

1. INCREASING INVESTMENT IN SCHOOL OPERATIONS FOR THE IMPROVEMENT OF OPERATING CONDITIONS

We continued to increase our investment in school operations for the improvement of our operating conditions and to strengthen the foundation of internal development. During the Reporting Period, the capital expenditure on our expansion amounted to RMB1,498 million. Such funds were mainly used for the renovation and expansion of schools, upgrading of teaching practical equipment and transformation and enhancement of the campus environment. During the Reporting Period, the Group had invested in a comprehensive training unit comprising big data, artificial intelligence, internet of things, communications engineering, software development and industrial robots, as well as an additional 172 training centres in respect of high-speed rail simulation training units, cooking training units and construction work 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 adhere to pro-employment strategies and strengthen the pro-employment policies. We have been continuously reforming and optimising our teaching contents and methods, strengthening the teaching of professional knowledge and skills required for front-line positions, and striving to improve students' hands-on ability and problem-solving abilities. At the same time, we help students obtain various professional qualifications certificates and skill level certificates. The Company cooperated with schools to actively integrate various resources, promote multi-type school-enterprise cooperation, widely open employment channels, build employment platforms, and make every effort to promote multi-channel high-quality employment of graduates. During the Reporting Period, the employment department visited more than 2,141 enterprises offline, contacted more than 4,200 enterprises online and completed 651 school-enterprise cooperation negotiations. A total of 54 large-scale mutual selections and 681 special job fairs have been held, offering more than 150,000 internship and employment positions. Since the Listing, the schools operated by the Company have provided more than 400,000 talents on different levels with various professional skills for society, making contributions to the economic development of society.

3. RISING REPUTATION IN SCHOOL OPERATION WITH STUDENT ENROLLMENT REACHING ANOTHER NEW HIGH

The quality of school operation and social reputation of the schools operated by the Company have been steadily improved, which has strongly driven and promoted student enrollment. For the 2023–2024 school year, the number of new student enrollment in the schools operated by the Company exceeded 100,000 for the first time, and the number of enrolled students exceeded 290,000, hitting a record high. In the past 5 years, the compound growth rate of new student enrollment in the schools operated by the Company reached 26.4%, and the compound growth rate of enrolled students reached 27.6%.

4. ACHIEVING NEW RESULTS IN OVERSEAS SCHOOL OPERATION

The Company's schools established overseas, including INTI International University in Malaysia, Metharath University in Thailand and the Wekerle Business School in Hungary, have consistently expanded their scale of school operation and achieved steady growth compared with that before acquisition. The quality of the school operation and social reputation have been improved. INTI International University in Malaysia ranked top 600 for the first time in the QS World University Rankings in 2024, ranking 556th.

5. BUILDING A TEAM OF EXCELLENT TEACHERS THROUGH RECRUITMENT AND NURTURING

With our increasing efforts in recruiting teachers, we welcomed more than 3,000 teachers, among which, our talents with professional skill levels or above had reached more than 400 individuals, at the same time, 2,199 various trainings were actively conducted internally to build up the talent pipeline. During the Reporting Period, the remuneration paid to our teachers amounted to RMB1,051 million, representing a year-on-year increase of 21.1%. All of our schools have achieved improvements in teachers' professional capabilities, through 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 205 awards, including 30 national awards and 87 provincial awards. Through talent recruitment, diversified training and "promoting training by competitions", the overall quality of our teachers has been advanced.

6. 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 successively signed school-enterprise cooperation agreements with China Railway No.8 Engineering (中鐵八局), CR Chengdu (成都鐵路局), China Railway Wuhan Electrification Bureau (中鐵武漢電氣化局), CATL (寧德時代), BYD (比亞迪), China Aviation Lithium Battery (中航鋰電), Chery Automobile (奇瑞汽車), Hikvision (海康威視), Tianma Microelectronics Co., Ltd. (天馬微電子有限公司), Shandong GoerTek Inc. (山東歌爾股份有限公司), Geely Automobile (吉利汽車), BOE (京東方), SAIC Volkswagen Automotive Co. Ltd. (上汽大眾汽車有限公司), CALB Co., Ltd. (中創新航科技股份有限公司) and Sunac Land (融創樂園).

7. SHARING QUALITY RESOURCES AND PROMOTING THE 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. Up to now, we have established a presence in 33 overseas countries and have obtained cooperation relationships with 75 overseas colleges to further explore the path of internationalization of vocational education.

During the Reporting Period, INTI International University in Malaysia has attached great importance to academic development since it was taken over by the Group. QS ranked among the top 600 in the world for the first time, achieving a leap from an excellent university in Asia to a world-renowned school. It is expected that the growth rate of new student enrollment at INTI International University will exceed 40% in the 2024 school year.

During the Reporting Period, Metharath University in Thailand increased its efforts in curriculum innovation and talent introduction. The number of lecturers with a doctoral degree or above increased by more than 35%, driving a year-on-year increase of 71.6% in student enrollment for the school year, Externally, at least 20 memoranda of understanding were signed with other institutions from more than 10 countries in Asia, Europe and Australia to help attract more international students. In terms of scientific research, we have increased investment and published 25% more papers as compared with last year, laying a solid foundation for better improvement of international ranking.

REVIEW ON INDUSTRY POLICIES

1. 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", "stepping up the construction of a strong country in education, in science and technology and in talents"; stated explicitly that "coordinating the synergy and innovation of vocational education, higher education and continuing education, promoting the integration of vocational and regular education, industry and education, as well as science and education, optimizing the positioning of vocational education"; requested that "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.

   We considered that:

   The Central Committee of the Communist Party of China further emphasized the key role of talents in the process of strengthening the country and realizing the great rejuvenation of the Chinese nation, including 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 strong protection and favourable social environment to the development of vocational education, further expanded the space for the development of higher education and vocational education, and strengthened the confidence of practitioners in higher education and vocational education in their development.

2. 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)》) issued by the Central Committee of the Communist Party of China and the State Council requested "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". The Outline clearly proposed to "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".

We considered that:

Firstly, the government has further clarified the important role of vocational education in implementing the strategy of prioritizing employment and easing structural employment contradictions, requesting the development of modern vocational education and the implementation of lifelong vocational skills training, which creates new opportunities for the expansion and improvement of vocational education. Secondly, it further emphasizes the consistent policy of the government to support the participation of social forces in all kinds of educational services, which strengthens our confidence. Hope Education takes higher vocational education as its core business, we will strengthen the high-quality development of higher vocational education, increase investment, accelerate the progress of compliance projects, and strive to improve the quality of talent training.

3. On 21 December 2022, 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》) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council stated that "placing the promotion of high-quality development of modern vocational education in a more prominent position, with the enhancement of key capabilities of vocational schools as the basis, the deepening in integration of industry and education as the focus, the promotion in integration of vocational and regular education as the key, and the integration in science and education as the new direction in order to integrate vocational education, higher education and continuing education in a synergistic and innovative manner, and to promote the construction and reform of the modern vocational education system in an orderly and effective manner"; "create a platform for international cooperation in vocational education"; "establish a batch of outstanding international vocational schools" and "promote 'Chinese language + vocational skills' projects".

   We considered that:

   The Guidelines actively encourage international cooperation in vocational education and call for the construction of a batch of high-level international vocational education schools. Hope Education, as a leading education investment institution in China in terms of the scale of overseas higher education school operations, will seize this policy opportunity to actively promote the cooperation between domestic and overseas colleges, innovate the mode of school cooperation, realize the sharing of high-quality education resources, promote synergistic development, and comprehensively improve the quality of training international skilled talents.

4. On 8 June 2023, the Implementation Plan for Enhancing the Integration of Industry and Education in Vocational Education (《職業教育產教融合賦能提升行動實施方案》) issued by eight ministries and commissions including the National Development and Reform Commission proposed that "by 2025, with the enterprise system integrating industry and education and the combined incentive policy system being improved, investment in vocational education by various capital channels will be steadily increased"; "to support qualified industrial parks, vocational colleges and regular high schools to jointly organise mixed-ownership branches or industrial colleges".

   We considered that:

   The government has introduced policies to encourage the integration of industry and education, as well as the practical implementation of school-enterprise cooperation. We make good use of the policies, comprehensively deepen the integration of industry and education and school-enterprise cooperation, build a batch of modern industry colleges with distinctive characteristics, mutual benefit and sustainable development capabilities, comprehensively improve the quality of talent training, and actively integrate into and promote the industrial development of the place where the college is located.

OUR BUSINESS DEVELOPMENT ACHIEVEMENTS BY SCHOOLS

Each of our colleges, with a focus on improving the quality of talent cultivation, taking the construction of featured majors as the lead, reforming the curriculum system, strengthening the construction of faculty, increasing the construction of practical training capacity, and promoting the construction of smart campuses, further improved the brand and competitiveness of our colleges.

1. Building featured majors and premium courses to improve teaching quality

With the construction of featured majors as the lead, each of our colleges integrates resources, increases the construction of practical training capabilities, the construction of teaching teams and teaching research, optimizes and reforms the curriculum system, and comprehensively improves professional construction and teaching quality. During the Reporting Period, 28 provincial first-class professional construction sites were approved for establishment, 64 provincial curriculum construction sites were approved for establishment, construction of a database for 316 courses and 3760 cases were completed, 251 self-written textbooks were published, of which 6 were selected as "14th Five-year Vocational Education National Planning Teaching Materials" (「十四五職業教育國家規劃教材」).

2. Active participation in various domestic and overseas competitions, and significant promotion of teaching and learning through competitions

Each of our colleges actively organized teachers and students to participate in various professional domestic and overseas competitions, so as to promote teaching and learning through competitions, which comprehensively improved students' ability to apply professional knowledge to solve practical problems. During the Reporting Period, our colleges have won a total of 1,347 awards, hitting a record high, including 236 national awards and 913 provincial and ministerial awards. Southwest Jiaotong University Hope College alone won 59 national awards such as the first prize of the "National College Digital Art and Design (NCDA)" (「全國高校數字藝術設計大賽(NCDA)」) and the first prize of the "National University Structural Design Information Technology Contest" (「全國大學生結構設計信息技術大賽」). Wei Jianglai (魏江來), a student of Sichuan TOP IT Vocational Institute, won first place in the China Para Athletics Championships (2023年全國殘疾人田徑錦標賽).

3. Strengthening information construction to create a smart campus

During the Reporting Period, each of our colleges continued to promote the construction of smart campuses. By building smart classrooms and training server rooms, and upgrading the training software system, the level of teaching informatization has been enhanced. By building an online teaching and learning interactive information platform, teaching quality has been boosted. By upgrading the charging system to facilitate payment by students, operating costs have been reduced. By upgrading the student enrollment and orientation system to achieve self-service online student enrollment procedures, the satisfaction of new students has been increased.

4. Expanding employment channels to promote graduate employment

Each of our colleges promotes school-enterprise cooperation, builds an employment platform, and makes every effort to promote multi-channel high-quality employment for graduates. During the Reporting Period, 54 large-scale mutual selection fairs and 681 special job fairs were held in each of our colleges, providing over 150,000 internship and employment positions, and the employment rate of graduates from each of our colleges increased steadily.

5. Shouldering social responsibility and carrying out various training services

Leveraging the advantages of resources in the education industry, each of our colleges took the initiative to participate in various employment and re-employment training and actively organized college students' entrepreneurship training, new peasants training, home-returning entrepreneurship training, job transfer training and veteran training. During the Reporting Period, nearly 150,000 participants in total were trained, including nearly 90,000 participants in college entrepreneurship training.

During the Reporting Period, the quality of teaching and nurturing talents at each of our colleges was steadily improved, and the social reputation and word-of-mouth of schools were steadily enhanced. 5 higher vocational colleges were ranked in the top 200 in the 2023–2024 Private Higher Vocational Schools Competitiveness Ranking (2023–2024年民辦高職高專院校競爭力排行榜). Among them, Southwest Jiaotong University Hope College ranked 8th in the "2022 Ranking of Research Competitiveness of Private Undergraduate Colleges in China" (「2022中國民辦本科院校科研競爭力排名」), and the major of railway engineering was ranked first among applied railway engineering majors in Southwest China in 2023 by the Alumni Association. Sichuan TOP IT Vocational Institute ranked 98th in the 2023 Alumni Association China Higher Vocational School Category I (2023校友會中國高職院校排名Ⅰ類). Sichuan Tianyi College, which is a private school, ranked 41st in the 2023–2024 Competitiveness Ranking of Private Higher Vocational Schools (2023–2024年民辦高職高專院校競爭力排行榜).

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.

4. On 21 April 2023, the Board resolved that the grant of 190,000,000 share options has lapsed and been withdrawn in accordance with the relevant provisions of the share option scheme adopted on 18 March 2022. For details, please refer to the announcement of the Company dated 21 April 2023.

5. On 21 July 2023, Sichuan Hope Education Industry Group Limited* ("**Sichuan Hope Education**", 四川希望教育產業集團有限公司) and Meishan Tequ Linjia Education Consultation Limited* (眉山特驅林嘉教育諮詢有限公司) decided to terminate the acquisition of 100% equity interests in Meishan Tequ Shuanglin Education Consultation Limited* (眉山特驅雙林教育諮詢有限公司) (the "**Acquisition**") after arm's length negotiation and careful consideration. As of 31 August 2023, Sichuan Hope Education has received all the principal and interest of the borrowings in the Acquisition. For details, please refer to the announcement of the Company dated 21 July 2023.

6. On 21 July 2023, Sichuan Hope Education and Sichuan Tequ Education Management Limited* (四川特驅教育管理有限公司) entered into the new property cooperation framework agreement, pursuant to which Sichuan Hope Education (a consolidated affiliated entity of the Company) and its respective subsidiaries shall cooperate with Sichuan Tequ Education Management Limited* (四川特驅教育管理有限公司) and its respective subsidiaries in the operation and management of rights of use of various land and buildings, and ancillary facilities and equipment by way of leasing, trusteeship, etc. For details, please refer to the announcement of the Company dated 21 July 2023.

Our Students

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

	Student Enrolled	
	As at 31 October 2023	As at 31 October 2022
Schools		
Undergraduate colleges	**142,455**	143,402
Junior colleges	**136,772**	124,905
Technical education	**11,700**	12,146
Total	**290,927**	280,453

Campus Utilisation Rate

	As at 31 October 2023	As at 31 October 2022
Total number of student enrollment	**290,927**	280,453
Total capacity	**305,640**	305,581
Overall utilisation rate	**95.2%**	91.8%

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

OUTLOOK

1. Full implementation of quality-first development strategy

According to the school operation positioning of "one school with one characteristic" and the national requirements for the high-quality development of colleges, each of our colleges will make up for shortcomings as soon as possible, accelerate the construction of campus, strengthen the construction of teaching facilities and equipment as well as practical training capabilities, strengthen the construction of teacher teams, deepen teaching reform, strengthen featured majors, comprehensively improve the quality of talent training of colleges, and strive to deliver more high-quality talents with professional skills to the society.

2. Promoting industry-education integration and school-enterprise cooperation through innovation

Each of our colleges will cultivate talents to meet the needs of social economy and industrial development by promoting industry-education integration and school-enterprise cooperation through innovation. Firstly, we explored the establishment of a vocational education group integrating industry and education to achieve the complementation of advantageous resources and comprehensively improve the quality of talent cultivation. Secondly, by building on the respective professional advantages, each of our colleges established modern industry colleges with leading enterprises and jointly held a "customized class" with enterprises to jointly cultivate talents needed for the industry.

3. Actively promote overseas development strategy

The "Belt and Road Initiative" has entered its golden decade. The Company will actively respond to the national initiative to carry out international vocational education exchanges and cooperation. While continuing to operate well with INTI International University in Malaysia, Metharath University in Thailand and Wekerle Business School in Hungary, we will actively expand the overseas higher education business, promote various forms of collaborative education in domestic and overseas colleges, and jointly cultivate international vocational skilled talents.

4. Keep up the good work in vocational skills training

Each of our colleges will take vocational skills training as an important task to serve society, realizing the full potential of training resource advantages of our colleges. Following the "14th Five-Year Vocational Skills Training Plan" (《「十四五」職業技能培訓規劃》), "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》) and other documents issued by the government, by carrying out various trainings for university graduates, industrial workers, key employment groups, as well as urban and rural workers, we have helped the development of the industry and the construction of a skilled society.

FINANCIAL REVIEW

Non-IFRS Measurement

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

The annual financial results for the years ended 31 August 2023 and 31 August 2022 are as follows:

Items	2023 (in millions of RMB)	2022 (in millions of RMB)
Revenue	**3,581.63**	3,042.69
Less: Cost of sales	**1,901.45**	1,647.55
Gross profit	**1,680.18**	1,395.14
Add: Other income and gains	**297.91**	281.64
Fair value gains/(losses) on convertible bonds	**(228.65)**	0.04
Less: Selling expenses	**287.69**	216.89
Administrative expenses	**547.56**	440.43
Finance costs	**349.12**	298.43
Other expenses	**108.38**	144.22
Non-cash impairment losses on financial assets	**180.70**	—
Add: Share of profits of a joint venture	**29.29**	31.52
Share of losses of an associate	**—**	(18.93)
Profit before tax	**305.28**	589.44
Income tax expense	**94.51**	143.54
Profit for the year	**210.77**	445.90
Adjusted gross profit	**1,760.77**	1,492.23
Adjusted net profit	**874.81**	758.58

Calculation of adjusted gross profit

Items	2023 (in millions of RMB)	2022 (in millions of RMB)
Gross profit	**1,680.18**	1,395.14
Add:		
1. Depreciation and amortisation arising from valuation appreciation	**57.80**	87.17
2. Equity-settled share option expense	**22.79**	9.92
Adjusted gross profit	**1,760.77**	1,492.23

Description:

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

Calculation of adjusted net profit

Items	2023 (in millions of RMB)	2022 (in millions of RMB)
Net profit	**210.77**	445.90
Add:		
1. Depreciation and amortisation arising from valuation appreciation	**61.09**	100.42
2. Conversion fees and finance cost accrued at amortised cost because of deferred payment of conversion fees	**57.68**	30.16
3. Foreign exchange loss	**55.01**	133.96
4. Equity-settled share option expense	**61.77**	26.89
5. Finance cost accrued at amortised cost because of deferred payment for purchase of equity interest	**19.14**	21.29
6. Non-cash impairment losses on financial assets	**180.70**	—
Less:		
1. Fair value gains/(losses) on convertible bonds	**(228.65)**	0.04
Adjusted net profit	**874.81**	758.58

Description:

Adjusted net profit is calculated as net profit for the period after eliminating (i) additional depreciation and amortisation resulting from the temporary fair value adjustment of the identifiable assets acquired; (ii) conversion fees and finance cost accrued at amortised cost because of deferred payment of conversion fees; (iii) foreign exchange loss; (iv) equity-settled share option expense; (v) finance cost accrued at amortised cost because of a payment due over one year for the acquisition of equity interest under the agreement; (vi) non-cash impairment losses on financial assets; and (vii) fair value gains/(losses) on convertible bonds.

Overview

	2023 (in millions of RMB)	2022 (in millions of RMB)	Change (percentage)
Revenue	**3,581.63**	3,042.69	17.7%
Adjusted gross profit	**1,760.77**	1,492.23	18.0%
Adjusted gross profit margin	**49.2%**	49.0%	
Adjusted net profit	**874.81**	758.58	15.3%
Adjusted net profit margin	**24.4%**	24.9%	

For the year ended 31 August 2023, we recorded revenue of RMB3,581.63 million, adjusted gross profit of RMB1,760.77 million and gross profit of RMB1,680.18 million.

For the year ended 31 August 2023, the Group recorded adjusted net profit of RMB874.81 million and net profit of RMB210.77 million.

Revenue

For the year ended 31 August 2023, revenue of the Group reached RMB3,581.63 million, representing an increase of RMB538.94 million or 17.7% from RMB3,042.69 million for the year ended 31 August 2022. Such increase was mainly due to the significant increase in the number of students enrolled in the PRC.

Cost of Sales

For the year ended 31 August 2023, cost of sales of the Group was RMB1,901.45 million, representing an increase of RMB253.90 million or 15.4% from RMB1,647.55 million for the year ended 31 August 2022. Such increase was mainly due to (i) recruitment of additional teachers, implementation of small class teaching and increase in remuneration of faculty members; (ii) upgrade of schools and colleges, increased investment in practical training and increase in depreciation and amortisation of school premises and practical training facilities transferred to fixed assets; and (iii) the recognition of equity-settled share option expense.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2023, gross profit of the Group amounted to RMB1,680.18 million, representing an increase of RMB285.04 million or 20.4% from RMB1,395.14 million for the year ended 31 August 2022.

For the year ended 31 August 2023, adjusted gross profit of the Group was RMB1,760.77 million, representing an increase of RMB268.54 million or 18.0% from RMB1,492.23 million for the year ended 31 August 2022. For the year ended 31 August 2023, adjusted gross profit margin of the Group was 49.2% while that for the year ended 31 August 2022 was 49.0%.

Selling Expenses

For the year ended 31 August 2023, selling expenses of the Group amounted to RMB287.69 million, representing an increase of RMB70.80 million or 32.6% from RMB216.89 million for the year ended 31 August 2022. Such increase was mainly due to (i) the increase in advertising and travel expenses related to student enrollment; and (ii) the recognition of equity-settled share option expense.

Administrative Expenses

For the year ended 31 August 2023, administrative expenses of the Group amounted to RMB547.56 million, representing an increase of RMB107.13 million or 24.3% from RMB440.43 million for the year ended 31 August 2022. Such increase was mainly due to (i) the acquisitions of schools; (ii) the increase in depreciation and amortisation of newly established schools; and (iii) the recognition of equity-settled share option expense.

Non-cash impairment losses on financial assets

For the year ended 31 August 2023, non-cash impairment losses on financial assets of the Group amounted to RMB180.70 million, which was mainly due to the decrease in collateral for loans to third parties as affected by the real estate market environment. Based on the principle of prudence, the Group made provision for credit impairment losses, which is not the main business of the Group and will not have a significant impact on the main business of education of the Group.

Finance Costs

For the year ended 31 August 2023, finance costs of the Group amounted to RMB349.12 million, representing an increase of RMB50.69 million or 17.0% from RMB298.43 million for the year ended 31 August 2022. Such increase was mainly due to the adjustment of financing structure.

Profits for the Reporting Period

For the year ended 31 August 2023, the Group recorded adjusted net profit of RMB874.81 million, increase of RMB116.23 million or 15.3% compared with that of RMB758.58 million for the year ended 31 August 2022. For the year ended 31 August 2023, adjusted net profit margin was 24.4%, which was essentially the same as last year.

For the year ended 31 August 2023, the Group recorded net profit of RMB210.77 million, decreased by RMB235.13 million or 52.7% compared with that of RMB445.90 million for the year ended 31 August 2022.

Capital expenditure

Our capital expenditures for the year ended 31 August 2023 amounted to RMB1,474 million, which were mainly used for college expansion, venue renovation, upgrade of school premises, construction of teaching and training venues, procurement of equipment and software and payment of acquisition, etc.

Capital Commitments

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

Items	**As at 31 August 2023 (in millions of RMB)**	As at 31 August 2022 (in millions of RMB)
Contracted, but not provided for:		
Property, plant and equipment	**971.63**	766.84
Prepaid land lease payments	**37.73**	37.73
Acquisition of equity interests	**—**	9.49
Total	**1,009.36**	814.06

Liquidity, Financial Resources

As at 31 August 2023, the Group had total cash and bank balances of RMB2,927.73 million (31 August 2022: RMB3,033.51 million), among which: (i) cash and cash equivalents amounted to RMB2,827.72 million (31 August 2022: RMB2,725.26 million); and (ii) pledged and restricted deposits amounted to RMB100.01 million (31 August 2022: RMB308.25 million).

Foreign Currency Risk

The majority of the Group's assets, income and payments are denominated in RMB. Nevertheless, the Group had currency exposure from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds. The Group has used a foreign exchange option combo contract to reduce the exposure to HK$ arising from the borrowings. Please refer to Note 39 to the consolidated financial statements for a sensitivity analysis on fluctuation in US$ and HK$ against RMB.

Indebtedness

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term loans for working capital and long-term loans for construction of school buildings and facilities, merger and acquisitions and other projects. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As at 31 August 2023, the aggregate loan balance amounted to RMB3,473.01 million (31 August 2022: RMB4,123.66 million), mostly denominated in RMB. As at 31 August 2023, the Group's bank loans and other borrowings bore effective interest rates ranging from 3.9% to 10.65% per annum (31 August 2022: 4% to 15.05% per annum).

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

Current Ratio

As at 31 August 2023, current assets of the Group amounted to RMB4,141.54 million, consisting of cash and cash equivalents of RMB2,827.72 million, pledged and restricted deposits of RMB92.49 million, amounts due from related parties of RMB45.40 million, prepayments, deposits and other receivables of RMB669.31 million, trade receivables of RMB104.59 million, assets classified as held for sale of RMB390.56 million and contract cost assets of RMB11.47 million. Current liabilities of the Group amounted to RMB9,410.98 million, including other payables and accruals of RMB2,826.23 million, contract liabilities of RMB2,123.60 million, interest-bearing bank and other borrowings of RMB1,638.35 million, convertible bonds of RMB2,183.89 million, liabilities directly associated with the assets classified as held for sale of RMB228.59 million and other current liabilities of RMB410.32 million. As at 31 August 2023, current ratio (current assets divided by current liabilities) of the Group was 0.44 (31 August 2022: 0.60). The decrease was mainly due to the classification of the Group's convertible bonds from long-term liabilities to current liabilities. The Group has obtained sufficient credit facilities to repay matured bonds.

Contingent Liabilities

As at 31 August 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.

Charge on Group Assets

As at 31 August 2023, certain of the Group's non-current assets, time deposit, equity interests in certain subsidiaries and buildings and car parks of third parties were pledged to secure the bank loans granted to the Group. For details, please refer to Note 27 to the consolidated financial statements.

Save for the charges disclosed above and in the consolidated financial statements, the Group did not have any other charges on its assets.

Future Plans for Substantial Investments or Capital Assets

As at 31 August 2023, the Group did not have any future plans for material investments or capital assets.

Net Debt to Equity Ratio

Net debt to equity ratio equalled to total interest-bearing bank and other borrowings of RMB3,473.01 million, net of cash and cash equivalents of RMB2,827.72 million, pledged and restricted deposits of RMB100.01 million as at 31 August 2023 divided by total equity of RMB8,439.73 million as at 31 August 2023. The Group's net debt to equity ratio decreased to 6.5% as at 31 August 2023 as compared with 13.6% as at 31 August 2022, which was mainly due to the decrease in interest-bearing bank and other borrowings.

Debt to Equity Ratio

As at 31 August 2023, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank and other borrowings by total equity) was approximately 41.2% (31 August 2022: 51.2%).

OTHER EVENTS

Events after the Reporting Period

1. On 26 September 2023, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants to subscribe for 190,000,000 ordinary shares with nominal value of US$0.00001 each in the share capital of the Company upon exercise, subject to acceptance of the share options by the grantees and the terms and conditions of the grant. For details, please refer to the announcements of the Company dated 26 September 2023 and 3 October 2023.

2. On 15 November 2023, the Board proposed to change the English name of the Company from "Hope Education Group Co., Ltd." to "XJ International Holdings Co., Ltd." and the dual foreign name in Chinese of the Company from "希望教育集團有限公司" to "希教國際控股有限公司" (the "**Proposed Change of Company Name**"). The Proposed Change of Company Name is subject to (i) the passing of a special resolution by the Shareholders at the forthcoming annual general meeting approving the Proposed Change of Company Name; and (ii) the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name by issuing a certificate of incorporation on change of name. For details, please refer to the announcement of the Company dated 15 November 2023.

CORPORATE GOVERNANCE CODE

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

For the year ended 31 August 2023, the Company has complied with all the code provisions set out in Part 2 of the Corporate Governance Code and satisfied substantially all of the recommended best practices requirements as set out in Part 2 of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

Having made specific enquiry on all Directors of the Company, all Directors confirmed that for the year ended 31 August 2023, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the Reporting Period.

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 Reporting Period.

PAYMENT OF FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2023 due to funding arrangements such as debt servicing and school establishment expenses.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2023.

SCOPE OF REPORTING

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 August 2023, but represents an extract from the consolidated financial statements for the year ended 31 August 2023 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the audit committee of the Company and approved by the Board.

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

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

Name	Age	Date of Joining the Group	Position	Date of Appointment	Responsibility
Xu Changjun (徐昌俊)	66	18 April 2012	Executive Director	13 February 2017	Responsible for business development of the Group
Wang Huiwu (汪輝武)	50	5 January 2005	Executive Director, Chief Executive Officer, President	13 March 2017 2 February 2018 2 February 2018	Responsible for implementing Board resolutions as well as overall strategic planning and operational management of the Group
Li Tao (李濤)	53	5 December 2010	Executive Director	13 March 2017	Responsible for business development of the Group
Tang Jianyuan (唐健源)	55	7 September 2016	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
Lu Zhichao (呂志超)	52	13 March 2017	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
He Shengli (賀勝利)	51	24 June 2021	Non-executive Director, Chairman	24 June 2021 18 February 2022	Responsible for monitoring overall management and strategic planning of the Group as well as overseeing the affairs of the Board
Zhang Jin (張進)	65	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
Liu Zhonghui (劉仲輝)	65	1 January 2023	Independent Non-executive Director	1 January 2023	Responsible for monitoring the Group and providing independent advice
Xiang Chuan (向川)	65	1 January 2023	Independent Non-executive Director	1 January 2023	Responsible for monitoring the Group and providing independent advice

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

Name	Age	Date of First Joining the Group	Position	Date of Appointment	Roles and Responsibilities
Wang Huiwu (汪輝武)	50	5 January 2005	Chief Executive Officer, President	2 February 2018 2 February 2018	Responsible for implementing Board resolutions as well as overall strategic planning and operational management of the Group
Jiang Lin (蔣林)	56	18 February 2016	Chief Operating Officer, Executive Vice President	2 February 2018 2 February 2018	Responsible for overseeing the day-to-day operations of the Group
Lou Qunwei (婁群偉)	54	12 January 2005	Senior Vice President	2 February 2018	Responsible for the teaching and management of students
Yuan Junmin (袁俊民)	42	1 January 2021	Chief Financial Officer	1 January 2021	Responsible for finance management of the Group
Huang Zhongcai (黃忠財)	38	1 July 2014	Vice President, Joint Company Secretary	22 November 2018 15 March 2018	Responsible for capital operations and investor relations

Directors

Xu Changjun (徐昌俊), aged 66, is an executive Director. Mr. Xu has served as chairman of the Company from 2 February 2018 to 18 February 2022 and has been appointed as an executive Director of the Company since 13 March 2017. Mr. Xu has been a director of Sichuan Hope Education since April 2012, the chairman of Sichuan Hope Education from September 2016 to June 2022.

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

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

Wang Huiwu (汪輝武), aged 50, is an executive Director, the chief executive officer and the president. Mr. Wang has been appointed as an executive Director of the Company since 13 March 2017 and chief executive officer and president of the Company since 2 February 2018.

Mr. Wang served as a director and the president of Sichuan Hope Education since October 2007; a director of Ziyang Maysunshine Education Investment Limited since November 2012; and the chairman of the council of Sichuan Hope Automotive Technical College since January 2017.

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

Mr. Wang graduated from Sichuan Normal University with a bachelor's degree in education in June 2013; obtained a master's degree from Vitebsk State University, Belarus in teaching and educational theory and methodology in November 2022.

Li Tao (李濤), aged 53, is an executive Director. Mr. Li has been appointed as an executive Director of the Company since 13 March 2017.

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

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

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

Tang Jianyuan (唐健源), aged 55, is a non-executive Director. Mr. Tang has been appointed as a non-executive Director of the Company since 13 March 2017.

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

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

Lu Zhichao (呂志超), aged 52, is a non-executive Director. Mr. Lu has been appointed as a non-executive Director of the Company since 13 March 2017.

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

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

He Shengli (賀勝利), aged 51, is the chairman and a non-executive Director. Mr. He has been appointed as a non-executive Director of the Company since 24 June 2021. Mr. He has been appointed as the chairman of the Company since 18 February 2022, the chairman of Sichuan Hope Education since June 2022 and a director of WFOE since June 2022.

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

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

Zhang Jin (張進), aged 65, is an independent non-executive Director. Mr. Zhang has been appointed as an independent non-executive Director of the Company since 14 July 2018.

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

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

Liu Zhonghui (劉仲輝), aged 65, is an independent non-executive Director. Mr. Liu has been appointed as an independent non-executive Director of the Company since 1 January 2023.

Mr. Liu graduated from Neijiang Normal University (內江師範學院) with major in Chinese language in April 1980. Mr. Liu has extensive experience in teaching. He has been the head of the language teaching and research team and deputy director of the academic affairs office of Jianyang Normal College (簡陽師範學校), deputy head of the joint language teaching and research team of the Neijiang Normal system (內江市師範系統), deputy director of the general office of the Ziyang municipal commission, deputy secretary general of the municipal commission, director of the party research office of the municipal commission, director of the political research office of the municipal commission, the secretary of party committee and the head of the education bureau of Ziyang City and has retired since 2018.

Xiang Chuan (向川), aged 65, is an independent non-executive Director. Mr. Xiang has been appointed as an independent non-executive Director of the Company since 1 January 2023.

Mr. Xiang obtained a master's degree in business and economics from the Graduate School of Chinese Academy of Social Sciences (中國社科院) in July 1998. He served as the deputy head of factory operation of Lixin Iron Factory of Da County of Sichuan Province (四川達縣立新鐵廠); the head of Qinjiaba Iron Factory of Da County (達縣覃家壩鐵廠), the deputy division head of the general office of the people's government of Da County, the deputy director of the planning commission of Da County, the director of economic coordination commission of Da County, the chairman of the board of directors of Haikou Xinda Industrial and Trading Company (海口鑫達工貿公司), a director and the secretary to the board of directors of Tongwei Co., Ltd. (通威股份) (a company listed on Shanghai Stock Exchange, stock code: 600438); the chairman of the board of directors of Henan Tongwei (河南通威), the vice president and the secretary to the board of directors of New Hope Agriculture (新希望農業股份) (a company listed on Shenzhen Stock Exchange, stock code: 000876) and an independent director of Xi'an Triangle Defense (西安三角防務) (a company listed on Shenzhen Stock Exchange, stock code: 300775). Currently, he is an independent director of Tianqi Lithium (天齊鋰業) (a company listed on Shenzhen Stock Exchange and Hong Kong Stock Exchange, stock code: 002466, 09696) and Shanghai Menon Animal (上海美農生物) (a company listed on Shenzhen Stock Exchange, stock code: 301156), and a legal representative of Chengdu Shucai Business (成都蜀采商務). He has been awarded various honours, including but not limited to the Golden-plated Secretary to the Board (金牌董秘) and the Advanced (Excellent) Staff, and he is a member of the New Fortune Hall of Fame of Golden-plated Secretaries to the Board (新財富金牌董秘名人堂).

Senior Management

Wang Huiwu (汪輝武), aged 50, is the chief executive officer and the president. For the biography of Mr. Wang, see "— Directors".

Jiang Lin (蔣林), aged 56, is the chief operating officer and the executive vice president. Mr. Jiang has been appointed as the chief operating officer and the executive vice president since 2 February 2018. Mr. Jiang has served as an executive vice president of Sichuan Hope Education since February 2016.

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

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

Lou Qunwei (婁群偉), aged 54, is the senior vice president. Ms. Lou has been appointed as the senior vice president of the Company since 2 February 2018. Ms. Lou has served as a supervisor of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Yonghe Education Investment Limited from April 2014; the senior vice president of Hope Education since October 2014; a council member of Sichuan Hope Automotive Technical College since January 2017; a director of Sichuan Guojian Investment Limited since May 2017; and the chairman of Southwest Jiaotong University Hope College since March 2018.

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

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

Yuan Junmin (袁俊民), aged 42, is the chief financial officer. Mr. Yuan has been appointed as the chief financial officer of the Company since 1 January 2021.

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

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

Huang Zhongcai (黃忠財), aged 38, is the vice president and joint company secretary. Mr. Huang has been appointed as the vice president of the Company since 14 November 2018, and has been appointed as the joint company secretaries of the Company since 15 March 2018. Mr. Huang has been the vice president of Sichuan Hope Education since July 2014.

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

In June 2007, Mr. Huang graduated from Sichuan Agriculture University (四川農業大學) with a bachelor's degree in finance management. Mr. Huang obtained the title of associate professor in economics from Southwest Jiaotong University Hope College in December 2021.

Joint Company Secretaries

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

Ms. Chan Yin Wah (陳燕華女士) has been appointed as the joint company secretaries of the Company since 28 February 2022. For the biographical details of Ms. Chan, please refer to the announcement of the Company dated 28 February 2022.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 August 2023.

PRINCIPAL ACTIVITIES

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

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 August 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 134 of this report.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Company that have occurred during the year ended 31 August 2023, an analysis of the Group's performance during the year using financial key performance indicators, and the Company's environment policy and performance as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "ESG Report" of this annual report, which also constitute part of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

For the year ended 31 August 2023, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

EMPLOYEES AND REMUNERATION POLICIES

The Group has achieved the diversity of all employees (including senior management) in terms of their gender, age, cultural and educational background, professional experience, skills and knowledge. As at 31 August 2023, the Group had approximately 15,582 faculty members, in which 37.3% were male and 62.7% were female. For details of the gender and age distribution and loss rate of employees, see the "ESG Report" of this annual report. For the year ended 31 August 2023, total staff costs amounted to approximately HK$1,397.9 million (31 August 2022: approximately HK$1,154.1 million). Remuneration (including employees' benefits) is maintained within the market level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are primarily our students. For the year ended 31 August 2023, the percentage of sales attributable to the Group's five largest customers combined was less than 30% of the annual total sales.

Our suppliers primarily comprise of book suppliers, teaching equipment vendors, equipment and materials vendors and universities which we have entered into a cooperation agreement. For the year ended 31 August 2023, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 32.03% of the annual total purchases. The Group's largest supplier accounted for 11.7% of the annual total purchases. Sichuan Wuyang Construction Project Co., Ltd. ("**Sichuan Wuyang**"), the Group's third largest supplier, accounted for 3.6% of the annual total purchases. Mr. Wang Huiwu is the controlling Shareholder, executive Director and chief executive officer of the Company, and Sichuan Wuyang is a company held indirectly by his brother Mr. Wang Huiming and his sister-in-law Ms. Liu Zhiqun as to 55% and 45% respectively. As such, the transactions contemplated under the School Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Except Sichuan Wuyang as mentioned above, at no time during the Reporting Period did a Director, a close associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the year ended 31 August 2023, there were no material and significant dispute between the Group and its employees, suppliers and/or customers.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

- We are subject to uncertainties brought by the Amendment of the Law for Promoting Private Education of the People's Republic of China (《中華人民共和國民辦教育促進法修正案》) and the Implementation Rules for the Law for Promoting Private Education of the People's Republic of China (《中華人民共和國民辦教育促進法實施條例》).

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

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

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

DIVIDEND POLICY

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

PAYMENT OF FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2023 due to funding arrangements such as debt servicing and school establishment expenses.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Friday, 5 January 2024. Notice convening the annual general meeting and other relevant documents will be published and dispatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 5 January 2024, the register of members of the Company will be closed from Tuesday, 2 January 2024 to Friday, 5 January 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 December 2023.

SHARE CAPITAL

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2023 are set out in Note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2023 are set out in Note 32 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium. Under the Companies Act of the Cayman Islands and subject to compliance with the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As at 31 August 2023, the Company's reserve available for distribution to Shareholders amounted to approximately RMB5,132 million.

DIRECTORS

The Directors during the year ended 31 August 2023 and up to the date of this annual report were:

Executive Directors

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

Non-Executive Directors

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

Independent Non-executive Directors

Mr. Zhang Jin
Mr. Liu Zhonghui
Mr. Xiang Chuan

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at 31 August 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 and short positions which any such Director(s) and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO), or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 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	
		Beneficial interest	11,120,000	Long Position	
			4,152,068,240		50.48%
		Founder of a discretionary trust who can influence how the trustee exercises his/her discretion	718,395,000	Short Position	8.73%
Li Tao[2]	Executive Director	Beneficial interest	5,697,167	Long Position	0.07%
He Shengli	Non-executive Director and Chairman	Beneficial interest	840,000	Long Position	
		Beneficial interest	10,000,000[5]	Long Position	
			10,840,000		0.13%
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%

Notes:

1) As at 31 August 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 hold 96% interest in Maysunshine Limited, Maysunshine Limited hold 49% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds 50.35% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited (希望教育投資有限公司).

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

3) As at 31 August 2023, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生搏根源有限公司), Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 50.35% interest in the Company.

4) As at 31 August 2023, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生搏根源有限公司), Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 50.35% interest in the Company. Liu Birong (劉碧容) is spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生搏根源有限公司) held by Liu Birong (劉碧容).

5) These underlying Shares represent the interests in share options granted to each of the relevant grantees under the 2022 Share Option Scheme to subscribe for Shares.

6) As at 31 August 2023, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 31 August 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 year was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporations.

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

To the knowledge of any of Directors or chief executives of the Company, as at 31 August 2023, the persons (other than the Directors or chief executives of the Company) or entities having an interest or short positions in Shares and underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2023[3]
Hope Education Investment Limited[1]	Beneficial interest	4,140,948,240	Long Position	50.35%
		718,395,000	Short Position	8.73%
Credit Suisse Trust Limited[1]	Trustee	4,140,948,240	Long Position	50.35%
		718,395,000	Short Position	8.73%
Maysunshine Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	50.35%
		718,395,000	Short Position	8.73%
Maysunshine Holdings Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	50.35%
		718,395,000	Short Position	8.73%
Tequ Group A Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	50.35%
		718,395,000	Short Position	8.73%
Tequ Group (Hong Kong) Company Limited[1]	Interest in controlled corporation	4,140,948,240		
	Beneficial interest	42,242,703		
		4,183,190,943	Long Position	50.86%
	Interest in controlled corporation	718,395,000	Short Position	8.73%
Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司)[1]	Interest in controlled corporation	4,183,190,943	Long Position	50.86%
		718,395,000	Short Position	8.73%
Sichuan Tequ Investment[1]	Interest in controlled corporation	4,183,190,943	Long Position	50.86%
		718,395,000	Short Position	8.73%
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	50.86%
		718,395,000	Short Position	8.73%
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	50.86%
		718,395,000	Short Position	8.73%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2023[3]
Zhang Qiang (張強)[1]	Interest in controlled corporation	4,183,190,943	Long Position	50.86%
		718,395,000	Short Position	8.73%
Wang Degen (王德根)[1]	Interest of spouse	4,183,190,943	Long Position	50.86%
		718,395,000	Short Position	8.73%
Chen Yuxin (陳育新)[1]	Interest in controlled corporation	4,183,190,943	Long Position	50.86%
		718,395,000	Short Position	8.73%
Zhao Guiqin (趙桂琴)[1]	Interest in controlled corporation	4,183,190,943	Long Position	50.86%
	Interest of spouse	718,395,000	Short Position	8.73%
UBS Group AG[2]	Interest in controlled corporation	962,582,313	Long Position	11.70%
		854,484,417	Short Position	10.39%

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 (特驅集團有限公司).

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) (Credit Suisse Trust Limited 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. (四川德盛榮和實業集團有限公司). West Hope is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. 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) UBS Group AG indirectly holds relevant interests and short positions through a series of its controlled corporations, including holding of certain listed derivatives (physical settlement: 118,310,292 Shares (long positions) and 90,117,201 Shares (short positions); cash settlement: 24,488,523 Shares (long positions) and 12,082,159 Shares (short positions)) and unlisted derivatives (physical settlement: 423,395,000 Shares (long positions); cash settlement: 10,472,000 Shares (long positions) and 2,076,058 Shares (short positions)).

(3) As at 31 August 2023, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 31 August 2023, the Directors and chief executives of the Company are not aware of any other person or corporation who has an interest or short positions in Shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

2018 PRE-IPO SHARE OPTION SCHEME

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

Purpose

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

Who may Join

The eligible participants under the 2018 Pre-IPO Share Option Scheme (the "**Participants**") are as follows:

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

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

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

Maximum Number of Shares

The total number of Shares subject to the 2018 Pre-IPO Share Option Scheme is 500,000,000 Shares, representing approximately 6.1% of the issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

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

Vesting and Exercise Period

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

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

Amounts Payable for Application or Acceptance of Share Options

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

Exercise Price

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

Duration of the 2018 Pre-IPO Share Option Scheme

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

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

As at 31 August 2023, the number of relevant Shares subject to outstanding options under the 2018 Pre-IPO Share Option Scheme is 230,287,254 Shares, representing approximately 2.8% of the issued share capital of the Company. As at 31 August 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:

	Number of share options										Weighted average closing price of the Company's shares	
Grantee	As at 1 September 2022	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 August 2023	Date of grant	Exercise period	Exercise price per share option HK$ per share	Vesting period	Price of the Company's shares before the grant date HK$ per share	Immediately before the exercise date HK$ per share	At the exercise date of share options HK$ per share
Directors												
Li Tao	5,697,167	—	—	—	5,697,167	18 March 2018	From 2 February 2019 to 2 August 2038	1.07	From 18 March 2018 to 2 February 2019	—	—	—
Sub-total	5,697,167	—	—	—	5,697,167					—	—	—
Employees (including Senior Management)												
320 individuals	224,590,087	—	—	—	224,590,087	18 March 2018	From 2 February 2019 to 2 August 2038 or from 2 February 2020 to 2 August 2020	0.68/1.07/1.30	From 18 March 2018 to 2 February 2019	—	—	—
Total	230,287,254	—		—	230,287,254				—	—	—	—

As at 31 August 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 31 August 2023, no share option 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 on 18 March 2018 are set out in Note 31 to the consolidated financial statements of this annual 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 principal terms of the 2022 Share Option Scheme are set out as follows:

Purpose

The 2022 Share Option Scheme aims to provide incentive or rewards to certain participants for their past services or performance with the opportunity to subscribe for the Shares under the operation of the 2022 Share Option Scheme, to improve the Group's governance structure, to establish and enhance the interests of employees and the Shareholders as a whole, to establish benefit and risk sharing mechanisms and avoid short-term behavior, to promote the Group's performance improvement and long-term stable development by effectively attracting, retaining and motivating our core staff of the Group which would be beneficial to the consolidation of the Group's talent base, to stimulate employees' morale and assist them in their status transformation from "work" to "partner" to achieve common prosperity.

Participants

The Participants under the 2022 Share Option Scheme include any Director (excluding independent non-executive Directors) of any member of the Company from time to time, and any senior management or core employee of any member of the Group.

Maximum Number of Share Options

The total number of Shares available for issue under the 2022 Share Option Scheme is 802,755,070, representing approximately 9.8% of the total Shares in issue as at the date of this annual report. The total number of Shares that may be issued in respect of options granted under 2022 Share Option Scheme during the year ended 31 August 2023 divided by the Shares in issue for the year ended 31 August 2023 is nil.

Maximum Entitlement of a Grantee

Unless approved by the Shareholders, the total number of Shares in issue and to be issued upon the exercise of share options (including the exercised and outstanding share options) granted to each grantee under the 2022 Share Option Scheme and any share option scheme of the Company within twelve months from the date of grant shall not exceed 1% of the total number of Shares in issue. Any further grant of share options exceeding such limit shall be subject to separate approval of the Shareholders in general meeting with such grantee and his/her associates abstaining from voting.

Subscription

A grant letter shall be deemed to have been accepted and share options to which the grant letter relates shall be deemed to have been granted and accepted and to have taken effect when the grant letter is duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within seven (7) days from the date of grant (inclusive of the date of grant).

Time of Exercise of Share Options

No share option shall be exercised within twelve (12) months from the date of grant. A share option may, subject to the rules of the 2022 Share Option Scheme and the terms and conditions upon which such share option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company.

Exercise Price

The exercise price will be determined by the Board, which shall be the higher of: (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant (which must be a business day); (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Duration

The 2022 Share Option Scheme will be valid for a period of ten (10) years commencing from 18 March 2022, unless terminated in advance under the relevant requirements of the 2022 Share Option Scheme. The remaining life of the 2022 Share Option Scheme is approximately 8.2 years.

No share options were granted during the year ended 31 August 2023 under the 2022 Share Option Scheme. 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	Exercised/ Vested during the Reporting Period	Share Options cancelled/ 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 31 August 2023
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	5,000,000	—	0.486	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
Employees (non-connected persons)	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	192,424,000	—	0.486	587,505,822	395,081,822
Total				197,424,000	—		612,505,822	415,081,822

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 and 31 August 2023, the number of relevant Shares available for grant under the 2022 Share Option Scheme is 190,249,248 Shares, representing approximately 2.31% of the issued share capital of the Company.

2. The weighted average closing price immediately before the date on which the options were exercised during the Reporting Period was HK$0.59 per Share.

3. On 21 April 2023, the Board 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.

4. On 26 September 2023, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants to subscribe for 190,000,000 ordinary Shares with nominal value of US$0.00001 each in the share capital upon exercise, subject to acceptance of the share options by the grantees and the terms and conditions of the grant. For details, please refer to the announcements of the Company dated 26 September 2023 and 3 October 2023.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Reporting Period is nil, representing 0% of the weighted average number of Shares in issue for the Reporting Period.

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

During the year ended 31 August 2023, neither the Company nor any of its subsidiaries had purchase, sell or redeem any listed securities of the Company.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group on 31 August 2023 are set out in Note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme as described above, no equity-linked agreements were entered into by the Company during the year ended 31 August 2023.

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" in this report, during the year ended 31 August 2023, none of the Directors or entities connected with the Directors, had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its controlling company, any of its subsidiaries or fellow subsidiaries was a party.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 August 2023.

CONTRACTS OF SIGNIFICANCE ENTERED INTO WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2023, save as disclosed in the section headed "Continuing Connected Transactions" in this report, no other contract of significance was entered into by the Company or any of its subsidiaries with the controlling Shareholders of the Company or its subsidiaries.

During the year ended 31 August 2023, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder of the Company or any of its subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

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

1. Property Cooperation Framework Agreement

Since 2014 and for the year ended 31 August 2023, our schools have leased certain properties to certain of the 30%-controlled companies of Wang Huiwu and the then subsidiaries of Hope Education, which became subsidiaries of Tequ Education following the division as discussed in "History — Reorganization of our Consolidated Affiliated Entities — The Division of Hope Education for Delineation of Business" in the Prospectus. Our Company, Mr. Wang Huiwu and Tequ Education entered into a property leasing framework agreement (the "**Property Leasing Framework Agreement**") on 20 July 2018 in respect of the leasing of land, buildings, ancillary facilities from us to Tequ Education and/or its associates. On 11 February 2021, the Property Leasing Framework Agreement has been renewed by Sichuan Hope Education (a consolidated affiliated entity of the Company) and Tequ Education. On 21 July 2023, Sichuan Hope Education and Tequ Education entered into the New Property Cooperation Framework Agreement, pursuant to which Sichuan Hope Education and its respective subsidiaries shall cooperate in the operation and management of rights of use of various land and buildings, as well as ancillary facilities and equipment by way of leasing, trusteeship, etc. for a term of three years ending on 31 August 2025. The following table sets forth a summary of the Property Cooperation Framework Agreement.

Lessee	Lessor	Duration of the Lease	Description of the properties leased	Actual amounts for the year ended 31 August 2023	Annual cap for the year ended 31 August 2023
				(in millions of RMB)	
Tequ Education and its associates	Our Company	Three years ending on 31 August 2025	Operates and manages the right of use of various lands and buildings as well as ancillary facilities and equipment by way of leasing and trusteeship, etc.	8.97	35

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

Mr. Wang Huiwu and Tequ Education and/or their associates lease certain of properties from us for the use of teaching, training and ancillary activities, and we expect that we will continue to cooperate with Mr. Wang Huiwu and Tequ Education and/or its associates in the operation and management of rights of use of various land and buildings as well as ancillary facilities and equipment in the future to better utilize our idle properties.

During the year ended 31 August 2023, the amounts of rent paid or payable by Tequ Education and/or its associates to us were RMB8.97 million. The annual caps were estimated based on the rental payable as determined with reference to (i) the prevailing market rents and trend for properties at a location and with a size similar to the properties; various particulars of the properties, including but not limited to the location of such leased properties and the facilities and management services related to the properties; the supply of properties with a similar size at nearby locations); (ii) the prevailing market rents for similar properties near the leased properties; and (iii) the expected amount of service charges and other expenses.

2. School Construction Framework Agreement

On 18 November 2021 (after trading hours), Hope Education, one of the subsidiaries of the Company, entered into the School Construction Framework Agreement with Sichuan Wuyang in relation to the provision of relevant services by Sichuan Wuyang to Hope Education. The School Construction Framework Agreement will be effective from the Effective Date to 31 August 2024. Pursuant to the School Construction Framework Agreement, Sichuan Wuyang will, if engaged by Hope Education or any of its subsidiaries after the relevant tender process, provide relevant services for schools owned and operated by the Group. If Hope Education or any of its subsidiaries, after the relevant tender process, selects and engages Sichuan Wuyang to provide relevant services, a separate agreement will be entered into in respect of each school construction project between the relevant entities of both parties which will set out the scope of services for such project and the specific terms and conditions pursuant to the principles stipulated in the School Construction Framework Agreement.

	From the Effective Date to 31 August 2022 (RMB'000)	**For the year ended 31 August 2023** (RMB'000)	**For the year ending 31 August 2024** (RMB'000)
Annual Caps	1,060,500	1,071,000	1,180,725

Mr. Wang Huiwu is the controlling Shareholder, executive Director and chief executive officer of the Company, and Sichuan Wuyang is a company held indirectly by his brother Mr. Wang Huiming and his sister-in-law Ms. Liu Zhiqun as to 55% and 45% respectively. As such, the transactions contemplated under the School Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The continuing connected transactions listed above for this year have been reviewed by all independent non-executive Directors who have confirmed that the transactions had been entered into:

(a) in the ordinary course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young, Certified Public Accountants ("**Ernst & Young**"), being the Company's independent auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above to the Board in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention that causes them to believe the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iii) have exceeded the annual caps as set by the Company.

A copy of their letter has been provided by the Company to the Hong Kong Stock Exchange.

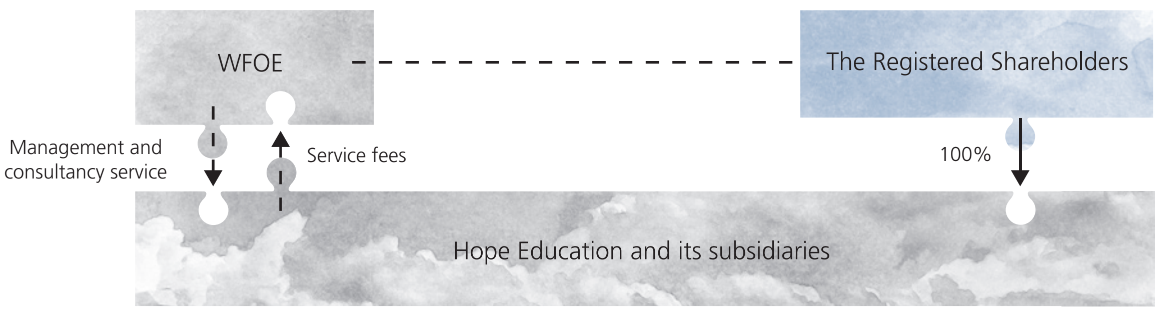
3. Contractual Arrangements

Reasons for Entering into Contractual Arrangements

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

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

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



Notes:

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

(2) "– – ▶" denotes contractual relationship.

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

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

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

Listing Rules Implications

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

Name	Connected relationships
Sichuan Tequ Investment and Chengdu Mayflower Investment Management	A substantial shareholder of Hope Education, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Wang Huiwu and Tang Jianyuan	Substantial Shareholders and Directors of the Company and therefore connected persons of our Company under Rule 14A.07(1) of the Listing Rules
Wang Degen	A former Director of the Company, and a substantial shareholder and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules

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

Summary of the Material Terms of the Contractual Arrangements

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

(1) Exclusive Management Consultancy and Business Cooperation Agreement

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

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

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

(2) Exclusive Call Option Agreement

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

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

(3) Equity Pledge Agreement

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

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

(4) Powers of Attorney

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

(5) Shareholders' Undertaking

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

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

Business Activities of Consolidated Affiliated Entities

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

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

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

	The Importance and Financial Contribution to the Group		
	Income For the year ended 31 August 2023	**Net profit For the year ended 31 August 2023**	**Total assets For the year ended 31 August 2023**
The importance and financial contribution to the Group	95.88%	239.73%	88.95%

Income and Assets Involved in the Contractual Arrangements

The following table sets forth the (i) income; and (ii) the total assets involved in the consolidated affiliated entities for the year ended 31 August 2023, and such income and assets will be consolidated into the Group's financial statements in accordance with the contractual arrangements:

	Income RMB million	**Assets RMB million**
Consolidated Affiliated Entities	3,097	19,434

Governing Framework

(1) Higher education

Pursuant to the Foreign Investment Industries Guidance Catalogue (Amended in 2017) (《外商投資產業指導目錄》(2017年修訂)) (the "**Foreign Investment Catalogue**"), the provision of higher education in the PRC falls within the "restricted" category. In particular, the Foreign Investment Catalogue explicitly restricts higher education institutions to Sino-foreign cooperation, which means that foreign investors may only operate higher education institutions through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation (as defined below). In addition, the Foreign Investment Catalogue also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of schools or education institutions shall be a PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-Foreign Joint Venture Private School (as defined below) (the "**Foreign Control Restriction**"). On 28 June 2018, the National Development and Reform Commission of the PRC (中國國家發展和改革委員會) and Ministry of Commence of the PRC (中國商務部) jointly promulgated the Foreign Investment Access Special Management Measures (Negative List) (2018 Version) (《外商投資准入特別管理措施(負面清單)(2018年版)》) (the "**Negative List**"), which became effective on 28 July 2018 and replaced the Foreign Investment Catalogue. Under the Negative List, the restriction on foreign investments in higher education remain unchanged.

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

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

(2) Plan to comply with the Qualification Requirement

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

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

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

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

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

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

As at the Reporting Period, there is no further development regarding this plan.

(3) Foreign Investment Law

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

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

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

- revoking the business and operating licenses of our PRC subsidiaries or consolidated affiliated entities;

- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or consolidated affiliated entities;

- imposing additional conditions or requirements with which we, our PRC subsidiaries or consolidated affiliated entities may not be able to comply;

- requiring us to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff or assets;

- restricting or prohibiting our use of proceeds from public offering or other financing activities to finance our business and operations in China; or

- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to our business.

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

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

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

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

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

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

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

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

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

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

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

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

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

The independent non-executive Directors of the Company have reviewed the contractual arrangements and confirmed for the year ended 31 August 2023, that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the contractual arrangements, (ii) no dividends or other distributions have been made by our consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the consolidated affiliated entities during the relevant financial period are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of the Shareholders as a whole.

The Board has reviewed the overall performance and compliance of the contractual arrangements for the year ended 31 August 2023.

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

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

Material Changes

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

Unwind the Contractual Arrangements

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

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

As at 31 August 2023, the total area of land used by our schools which had not obtained the land use right certificates and has not paid the land transfer fee decreased as compared with the previous year.

As at 31 August 2023, 33.5% of the total housing area of our schools had not yet obtained the building ownership certificates, primarily due to the lack of construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and acceptance inspection upon completion (竣工驗收), having not passed fire control assessment and/or environmental protection inspection assessment as required under relevant PRC laws and regulations. We have implemented extensive and comprehensive measures to rectify the above defects in our owned buildings and buildings under construction. We are in the process of applying to relevant government authorities for the relevant outstanding certificates and permits and are closely following up with the approval from the government authorities with respect to our applications.

In addition, as at 31 August 2023, some of our schools did not fully meet the regulatory requirements in terms of the teaching and administrative building area per student or the site area per student.

As at 31 August 2023, we were not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us with respect to the defects of the properties mentioned above. The Directors are of the view that the defects of our owned properties above will not have any significant and adverse effect on our operations and financial conditions as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 August 2023 are presented in Note 35 to the consolidated financial statements. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

NON-COMPETE UNDERTAKING

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

REMUNERATION POLICIES AND DIRECTORS' REMUNERATION

As at 31 August 2023, the Group had approximately 15,582 faculty members. Employee compensation includes salary, bonus and stock option schemes. The Group provides pre-employment training for new teachers to help new teachers integrate into the teaching staff faster and better. The remuneration packages of the Group's employees are determined by reference to individual qualifications, experience, performance, contribution to the Group and current market standards. In accordance with PRC laws and regulations, the Group participates in employee social security schemes managed by local governments for employees, including housing, pensions, medical insurance, maternity insurance and unemployment insurance.

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

The Directors and senior management may also receive options to be granted under the 2022 Share Option Scheme. For further details of the 2022 Share Option Scheme, see the section headed "Report of Directors — 2022 Share Option Scheme" in this annual report.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 8 and Note 9 respectively, to the consolidated financial statements in this annual report. None of the Directors has waived any remunerations for the year ended 31 August 2023. No remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

FINANCIAL SUMMARY

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

TAX CONCESSION AND EXEMPTION

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

DIRECTORS' PERMITTED INDEMNITY PROVISION

According to the Memorandum and Articles of Association of the Company, each Director, auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or suffered by him as the Director, auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is discharged. During the year ended 31 August 2023, the Company has maintained appropriate liability insurance for directors and the management of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

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

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

Hong Kong, 30 November 2023

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

The Board confirmed that, during the Reporting Period, the Company has complied with all the code provisions set out in Part 2 of the CG Code and satisfied substantially all requirements of the proposed best practices provisions as set out in Part 2 of the CG Code.

THE BOARD

For the year ended 31 August 2023 and up to the date of this report, the names of the directors and the members of the committees established by the Board are as follows:

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Zhang Jin (張進) *(Chairman of the Audit Committee)*
Mr. Liu Zhonghui (劉仲輝) *(Chairman of the Nomination and Remuneration Committee, member of the Audit Committee)*
Mr. Xiang Chuan (向川) *(Member of the Audit Committee, member of the Nomination and Remuneration Committee)*

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

DELEGATION BY THE BOARD

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

As the 2022 annual general meeting of the Company was convened on 24 February 2023 and directors were re-elected in the meeting, the re-election of directors for the year 2023 will be proceeded in the next annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BOARD DIVERSITY POLICY

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

In reviewing the structure, size, composition and diversity of the Board, the Nomination and Remuneration Committee has taken into account the measurable objectives as set out in the board diversity policy. The Nomination and Remuneration Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the Directors. The Board plans to appoint at least one female Director by 31 December 2024. The Nomination and Remuneration Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the board diversity policy in order to achieve increasing diversity at the Board level.

DIRECTORS' AND SENIOR MANAGEMENT'S INSURANCE

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

BOARD MEETINGS

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

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

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

For the year ended 31 August 2023, 4 Board meetings and 2 general meetings were held and the attendance of each Director at these meetings is set out as below:

Name of Directors	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Mr. Xu Changjun	4/4	0/2
Mr. Wang Huiwu	4/4	1/2
Mr. Li Tao	4/4	0/2
Non-executive Directors		
Mr. Tang Jianyuan	4/4	1/2
Mr. Lu Zhichao	4/4	0/2
Mr. He Shengli	4/4	2/2
Independent non-executive Directors		
Mr. Zhang Jin	4/4	0/2
Mr. Chen Yunhua (resigned on 1 January 2023)	2/2	0/1
Dr. Gao Hao (resigned on 1 January 2023)	2/2	0/1
Mr. Liu Zhonghui (appointed on 1 January 2023)	2/2	0/1
Mr. Xiang Chuan (appointed on 1 January 2023)	2/2	0/1

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

The Audit Committee was established on 14 July 2018 and consists of five members (namely Mr. Zhang Jin, Mr. Tang Jianyuan, Mr. Lu Zhichao, Mr. Chen Yunhua (resigned on 1 January 2023), Dr. Gao Hao (resigned on 1 January 2023), Mr. Liu Zhonghui (appointed on 1 January 2023), Mr. Xiang Chuan (appointed on 1 January 2023)), among them, Mr. Zhang Jin, Mr. Chen Yunhua (resigned on 1 January 2023), Dr. Gao Hao (resigned on 1 January 2023), Mr. Liu Zhonghui (appointed on 1 January 2023), Mr. Xiang Chuan (appointed on 1 January 2023) are independent non-executive Directors, and Mr. Tang Jianyuan and Mr. Lu Zhichao are non-executive Directors. Mr. Zhang Jin serves as the chairman of the Audit Committee, who has the appropriate professional qualifications and accounting and related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are as follows:

1. Relationship with the Company's auditors

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

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

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

Clause 7 of terms of reference — The Audit Committee shall meet with the external auditors and internal reviewers without any executive Directors present at least once a year.

2. Review of the Company's financial information

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

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

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

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

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

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

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

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

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

(l) to report to the Board on the matters set out in this code provision; and

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

The interim results and unaudited condensed consolidated financial statements of the Group for the six months ended 28 February 2023 and the audited financial results and report of the Group for the year ended 31 August 2023 have been reviewed by the Audit Committee, and the Audit Committee considers that the relevant financial statements have been prepared in accordance with applicable accounting standards and requirements and adequate disclosures have been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and the selection and appointment of external auditors. In addition, the Audit Committee has reviewed the Group's internal control and has monitored the Group's risk management and internal control systems.

For the year ended 31 August 2023, 4 meetings of the Audit Committee were held and the attendance of each member at the meeting is set out as below:

Name of Members	Number of Audit Committee meetings attended/held
Non-executive Directors	
Mr. Tang Jianyuan	4/4
Mr. Lu Zhichao	4/4
Independent Non-executive Directors	
Mr. Zhang Jin	4/4
Mr. Chen Yunhua (resigned on 1 January 2023)	2/2
Dr. Gao Hao (resigned on 1 January 2023)	2/2
Mr. Liu Zhonghui (appointed on 1 January 2023)	2/2
Mr. Xiang Chuan (appointed on 1 January 2023)	2/2

For the year ended 31 August 2023, the Audit Committee has also held four meetings with external auditors and internal audit officers without the presence of the executive Directors.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was established on 14 July 2018 and consists of three members (Mr. Chen Yunhua (resigned on 1 January 2023), Mr. Wang Huiwu, Dr. Gao Hao (resigned on 1 January 2023), Mr. Liu Zhonghui (appointed on 1 January 2023), Mr. Xiang Chuan (appointed on 1 January 2023), among them, Mr. Chen Yunhua (resigned on 1 January 2023), Dr. Gao Hao (resigned on 1 January 2023), Mr. Liu Zhonghui (appointed on 1 January 2023), Mr. Xiang Chuan (appointed on 1 January 2023) are independent non-executive Directors, and Mr. Wang Huiwu is an executive Director. Mr. Liu Zhonghui serves as the chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; to review the structure, size and composition (including the skills, knowledge and experience) of the Board regularly and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; to evaluate the balance of skills, knowledge and experience on the Board before appointments are made by the Board, and, in the light of this evaluation result, preparing a description of the roles and capabilities required for a particular appointment; and to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on establishing a formal and transparent procedure for developing remuneration policy, including but not limited to review and/or approval of matters relating to the share schemes as described in Chapter 17 of Listing Rules; to review and approve senior management's remuneration proposals with reference to the Board's corporate goals and objectives; to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment; to review the performance of duties by the Directors and senior management and to conduct annual performance appraisal; and to carry out other matters authorized by the Board.

The composition and written terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions requirements of the CG Code. During the year ended 31 August 2023, the Company held 1 meeting of the Nomination and Remuneration Committee, and the attendance of each member at the meeting is set out as below:

Name of Members	**Number of Nomination and Remuneration Committee meeting attended/held**
Executive Directors	
Mr. Wang Huiwu	1/1
Independent Non-executive Directors	
Mr. Chen Yunhua (resigned on 1 January 2023)	1/1
Dr. Gao Hao (resigned on 1 January 2023)	1/1
Mr. Liu Zhonghui (appointed on 1 January 2023)	0/0
Mr. Xiang Chuan (appointed on 1 January 2023)	0/0

DIRECTOR NOMINATION POLICY

Procedure for Nomination of Directors

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

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

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

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

5. Conduct verification on information provided by the candidate.

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

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

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

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

1. Reputation.

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

3. Time available.

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

Mr. Liu Zhonghui, Mr. Xiang Chuan were appointed as independent non-executive Directors on 1 January 2023.

STRATEGY AND DEVELOPMENT COMMITTEE

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

During the year ended 31 August 2023, 1 meeting of the Strategy and Development Committee was held and the attendance of each member at the meeting is set out as below:

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the remuneration paid or payable to the Directors for the year ended 31 August 2023 are set out in Note 8 to the consolidated financial statements.

The remuneration paid or payable to the members of the senior management for the year ended 31 August 2023, the biographies of which are included in the section headed "Directors and Senior Management" of this annual report, are in the following bands:

Remuneration band(s) (RMB)	Number of individual
0 to 500,000	0
500,000 to 1,000,000	5

MODEL CODE FOR SECURITIES TRANSACTIONS

On 14 July 2018, the Company adopted the Model Code as the Group's code of conduct governing the dealings in the securities by the directors and relevant employees. Upon specific enquiry, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 August 2023.

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

The Company periodically organises training courses for the Directors, senior management and staff, to develop and refresh their knowledge in areas related to their daily duties and the Group's business growth in a changing economic environment. For the year ended 31 August 2023, the Company's external legal advisor has provided training courses to all Directors on a wide range of topics, including the duties and responsibilities of the directors under the Listing Rules, the laws applicable to the Company, the Company's continuing compliance obligations, the disclosure requirements of price-sensitive information and directors' reporting responsibility under the Listing Rules and the Securities and Futures Ordinance, and the discloseable and connected transactions of listed companies. The Company also organised training courses with internal consultants with expertise in internal control and risk management as well as environmental, social and governance reporting. The executive Directors, senior management, financial department personnel and relevant personnel from operation and management departments participated in these training courses.

DIRECTORS' ACKNOWLEDGEMENT

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

The Directors have acknowledged their responsibilities for preparing the financial statements for the year ended 31 August 2023. The management provides the Board with the necessary explanations and information so that the Board can make an informed assessment and approve the financial and other information submitted to it. The Company provides monthly updates to all members of the Board in relation to the latest information on the Company's performance, status and prospects.

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

A statement by the Company's auditor on its reporting responsibilities to the Company's financial statements is set out in page 128 to page 133 of the Independent Auditor's Report in this annual report.

AUDITORS' REMUNERATION

For the year ended 31 August 2023, the professional fees paid or payable by the Group to Ernst & Young, the Company's auditor for the audit and non-audit services were as follows:

	RMB'000
Audit services	7,750
Non-audit services	112

JOINT COMPANY SECRETARIES

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

Ms. Chan and Mr. Huang have received no less than 15 hours of training on corporate governance and other aspects during the year ended 31 August 2023. The primary contact person of Ms. Chan Yin Wah in the Company is Mr. Huang Zhongcai, the joint company secretary of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control system and reviewing their effectiveness. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, ESG risks, as well as risk management functions. The controls built into the risk management system are intended to manage significant risks in the Group's business.

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

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

The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group and reports their findings to the Audit Committee and the Board. During the Reporting Period, the Company's internal audit department provided independent assurance as to the adequacy and effectiveness of the Company's risk management and internal control systems.

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

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

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

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

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

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

During the year ended 31 August 2023, the Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group and considered the systems to be effective. Such review covered aspects including financial, operational and compliance controls and risk management functions. The Board will conduct a review on the effectiveness of that year's internal control and risk management systems of the Group at least once in each financial year. The Board will also continually evaluate the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

During the Reporting Period, the Board reviewed the shareholder's communication policy and is of the view that (i) the policy currently adopted has provided channels for Shareholders and potential investors of effective communication and to fully express their opinions; and (ii) the implementation of the policy is effective as the Company has adhered to the said principles and measures above during the year.

SHAREHOLDERS' GENERAL MEETINGS

For the year ended 31 August 2023, the Company has held 2 general meetings. The Company will hold its annual general meeting on 5 January 2024. A notice of the forthcoming annual general meeting and a circular containing further details of the business to be considered at the meeting will be dispatched to shareholders together with this annual report.

SHAREHOLDERS' RIGHTS

Nominate a person for election as a Director

In accordance with Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

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

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

CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

SUBMIT A PROPOSAL AT GENERAL MEETINGS

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

SEND ENQUIRIES TO THE BOARD

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Company adopted the third revised and restated Memorandum and Articles of Association of the Company on 24 February 2023. The Company has made no changes to the Company's Memorandum and Articles of Association since 24 February 2023 to the Reporting Period. The latest version of the Company's Memorandum and Articles of Association are available on the Company's website and HKEXnews.

ABOUT THE REPORT

Summary

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

Basis of Preparation

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

Scope of Reporting

The materials published and statistically reported in the report are from 1 September 2022 to 31 August 2023. To enhance the completeness and the ability of comparison, part of the content of this report covers the information of previous years.

Data Sources and Reliability Guarantee

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

Access of the Report

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

Contact Information

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

STATEMENT FROM THE BOARD

Hope Education recognizes the importance of ESG concepts to the Group's long-term and stable operation, and has established an ESG governance framework with complete structure, clear hierarchy, clear rights and responsibilities, and efficient operation, so as to promote the harmonious integration of Hope Education with the environment and society, and create sustainable environmental, social and corporate values.

Hope Education has set up a three-layer ESG governance framework, including the Board, to ensure the effective implementation of relevant work. As the highest decision-making body for ESG issues of Hope Education, the Board of the Group is responsible for reviewing and approving the Group's ESG strategies, policies, objectives, risks and related matters. The Board has set up an ESG Working Group to implement the Group's ESG-related decisions, and actively promote the ESG work of the Group's departments and schools to ensure that the Group's ESG work can be undertaken and effectively implemented top-down.

Based on the external socio-economic environment and the Group's development strategy, Hope Education attaches great importance to the expectations and demands of various stakeholders and regularly conducts stakeholder surveys, and the Board reviews ESG material issues, analyzes the Group's ESG risks and opportunities based on the results of the judgments, and determines annual important issues, including supervising the preparation of the annual ESG report and the final review thereof to ensure the accuracy and effectiveness of information disclosure.

This report discloses in detail the progress and effectiveness of the ESG works of Hope Education for the year ended 31 August 2023, which has been reviewed and approved through a Board meeting on 30 November 2023.

RESPONSIBILITY MANAGEMENT

Responsibility Philosophy

Hope Education Group has always been focusing on higher vocational education and establishment of application-oriented universities, adhering to the educational philosophy of "gratefulness • optimism • rigor • responsibility", fulfilling the fundamental mission of fostering character and civic virtue, building an educational enterprise with excellent teaching style, solid logistics support and considerate employment services, and making unremitting efforts to achieve the vision of "No. 1 Private Higher Education Brand in China".

Through professional management and services, we provide students with high-quality education, cultivate talents for the society, practice corporate social responsibility, and promote the sustainable development of education. While ensuring the quality of teaching services, we comply with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Corporate Governance Code of the Hong Kong Stock Exchange and other relevant laws, regulations and policies, abide by professional ethics, establish and continuously improve the group management system, and integrate compliance operations and sustainable development into corporate development. A management approach combining experts and schools is adopted. While sharing resources, we assign responsibilities to various departments, and the senior management conducts comprehensive supervision and evaluation on the Group's compliance with regulations and business operations.

Responsibility Management

Hope Education shoulders the mission of education and never forgets its responsibility. While maintaining the steady development of its business, the Group continuously optimizes and improves the ESG management system, and coordinates and guides the Group's practices in sustainable development.

Hope Education implements the concept of sustainable development in its overall operation process, continuously improves the ESG management system, which is directed by the Board and led by the ESG leading group, covering all relevant departments and schools, and establishes a three-layer ESG governance framework of "decision-making layer — execution layer — implementation layer" with clear authorities, hierarchical management and clear powers and responsibilities. The Board is responsible for the Group's ESG reporting and major decisions and overall strategies; the ESG Working Group is responsible for implementing the resolutions of the Board, supervising the implementation of corresponding functions and ESG work of all parties in the subordinate implementation layer; and the implementation layer is responsible for dynamic feedback on the actual work, comprehensively following up and implementing various ESG work. In the future, the Group will optimize the governance structure from the aspects of strengthening the cooperation and participation at all layers, and continue to improve the efficiency of ESG management and control.

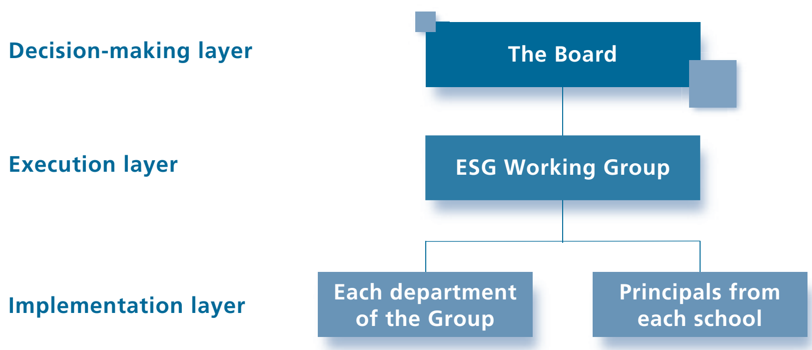


Figure: ESG Governance Framework of Hope Education

Communication with Stakeholders

Hope Education pays close attention to the demands of internal and external stakeholders such as the government and regulatory authorities, investors/shareholders, teachers/employees, students/parents, suppliers/partners and the public community. We actively maintain various smooth communication channels, fully collect opinions of stakeholders on the sustainable development of Hope Education, and actively respond to the expectations of stakeholders, striving to create long-term value for them.

Table: Stakeholder Communication Methods of Hope Education

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

Materiality Issue Management

The degree of stakeholders' attention to various ESG issues and the degree of materiality are the basis for determining the Group's material issues. In accordance with the relevant requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and demands of various stakeholders on the Group, for the year ended 31 August 2023, Hope Education identified a total of 25 issues based on the review of ESG-related issues of the previous year and taking into account the latest development of the Group and industry trends of the year.

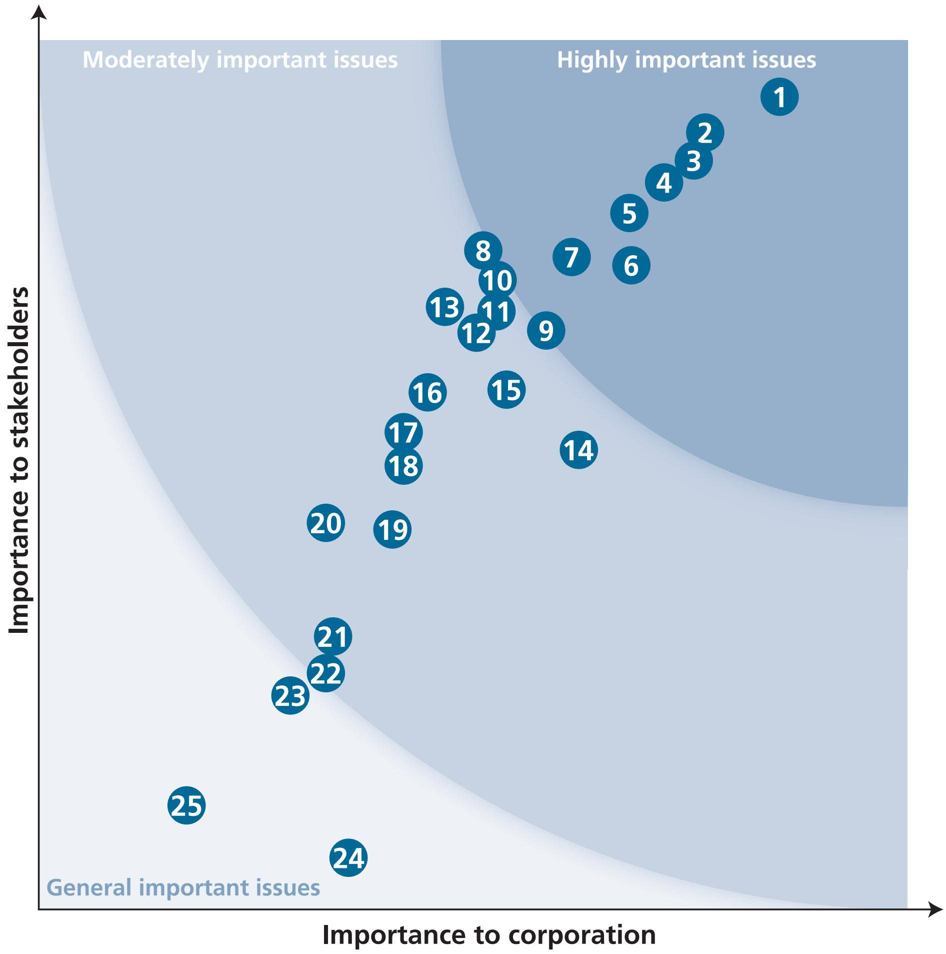


Figure: Materiality Matrix on Hope Education's ESG Issues

Table: Hope Education's ESG Important Issues

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

OPERATIONAL RESPONSIBILITY

Hope Education is determined to be an industry model with equal emphasis on responsibility and innovation. We continue to strengthen the Group's operation and management, actively promote compliance management and integrity development, and ensure the transparency and efficiency of the Group's operations with a sound risk prevention system. We attach great importance to the privacy and information security of students and parents, respect and protect intellectual property rights, and establish a model for sustainable development.

Anti-corruption

Business integrity is the cornerstone for Hope Education to achieve its operation objectives and maintain stable, healthy and sustainable development. The Group is committed to maintaining a high standard of business ethics and governance, and has zero tolerance for any form of bribery, extortion, money laundering, fraud and corruption. The Group strictly abides by the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations, and continuously improves its integrity and transparency.

Hope Education resolutely resists internal and external bribery and money laundering. In terms of internal management, the Group has formulated the Basic Regulation of Contracts Involving Balance of Funding (《涉經營收支合同基本規範》) to strengthen contract management. At the same time, we regulate the business behavior of directors and employees and establish professional ethics through publicity and training, strengthen the anti-corruption awareness of teachers/employees, and avoid the occurrence of illegal behaviors. In terms of supplier integrity management, the Group has signed the Corruption-free Agreements (《廉潔協議》) with external suppliers to continuously deepen the integrity management of suppliers and stop commercial bribery and other misconduct. During the Reporting Period, the Group had no corruption cases.

Privacy Protection for Students and Parents

In the era of high-level development of information digitalization, Hope Education fully respects the privacy of students, protects the personal information security of students and parents, and strictly complies with the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and other relevant laws and regulations. The Group has formulated internal systems such as the School Roll and Academic Credentials Administrative Measures (《學籍學歷管理辦法》) to set out the processes and procedures for managing personal data, which ensure that the personal data of students and parents are protected.

For the year ended 31 August 2023, the Group continued to invest in information security and data protection to reduce the possibility of information leakage in privacy protection policies and ensure personal information protection. The staff members of the Group and each school have signed the Confidentiality Agreement (《保密協議》). According to the agreement, no employee shall provide or disclose the personal privacy information of students and parents to external parties unless it involves the normal work requirements of relevant posts. During the Reporting Period, the Group did not receive any complaints about violations of the privacy of students and parents.

Intellectual Property Protection

As a disseminator of knowledge, Hope Education strictly abides by the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and other relevant laws and regulations, and fully protects its own and usable intellectual property rights.

The Group promotes the creation, research and development and intellectual property protection of students and teachers/employees, and regularly sorts out and summarizes the intellectual property products of schools. For malicious infringement of the Company's intellectual property rights, we communicate and negotiate with the infringing party, complain to the management organization, and take legal and other measures when necessary to protect the legitimate rights and interests of teachers, students and the Group. We strictly abide by the national and local laws and regulations as well as the intellectual property rights stipulated in the product rights statement, and require all departments and schools to strictly respect the intellectual property rights of all external materials. In addition, we adhere to the use of genuine teaching and research data and fully respect the intellectual property rights of others.

EDUCATIONAL RESPONSIBILITY

Hope Education Group adheres to the educational philosophy of "gratefulness • optimism • rigor • responsibility", continuously strengthens teaching quality and enriches educational resources. While paying attention to the breadth and depth of knowledge education, we pay attention to the improvement of students' comprehensive quality, and strive to cultivate students into talents with solid knowledge, good morality and innovation spirit.

Education Quality Improvement

Hope Education understands that good teaching quality can directly affect the overall quality and future development of students. In the daily teaching operation, we follow the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on Online Teaching (《希望教育集團院校線上教學評估考核指標體系》) and the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on School Operation (《希望教育集團所屬院校辦學評估考核辦法及指標體系》) to integrate the quality assurance system into all aspects of education and teaching. The Group continues to promote the reform and innovation of education and teaching methods to improve the school operation level. In 2023, the Group formulated and issued the Notice on Continuing to Promote the Teaching Quality Assurance and Monitoring of Schools and Colleges (《關於持續推進院校教學質量保證與監控工作的通知》). It regularly carried out teaching quality assurance inspections at each school, carried out benchmarking evaluations in real time, and reported the problems to the school in a timely manner, urged the rectification, and promoted the improvement of teaching quality of each school.

During the Reporting Period, Hope Education optimized and improved the school operating conditions, teachers' qualifications, and scientific research output of each school. We encourage teachers to participate in teaching reform research and scientific research projects, organize various teaching ability competitions and teaching case evaluation activities, regularly carry out online demonstration of excellent teaching and research cases in the evaluation, thereby providing a display and exchange platform for teachers, stimulating teachers' innovation and teaching enthusiasm, and continuously improving teaching quality.

Table of accolades obtained by teachers of Hope Education in 2023 (partial)

Level of Award	Names of Awards
National	2023 New Zealand's Best Design Award (2023年新西蘭最佳設計獎) and was shortlisted for the Red Dot Award (紅點獎) (1 awardee)
National	The 13th SFLEP National College Foreign Language Teaching Contest (University English Group) (第十三屆「外教社杯」全國高校外語教學大賽(大學英語組)) — Third Prize in national finals (1 awardee)
National	2023 National College Foreign Language Course and Ideological Teaching Case Competition (2023年全國高校外語課程思政教學案例大賽) — First Prize (1 awardee) and Third Prize (2 awardees)
National	The 6th National Competition for Digital Creative Teaching Skills (Digital Media Technology Group and Animation Design Group) (第六屆全國數字創意教學技能大獎賽數字媒體技術組和動漫設計組) — Third Prize (3 awardees)
National	Glorious Years • The 15th National Aesthetic Education Teaching Achievement Exhibition (絢麗年華第十五屆全國美育教學成果展) — First Prize of National College Teaching Achievements (1 awardee)
National	Aesthetic Education China Youth Arts Festival (美育中國青少年藝術節) — First Prize of Video Production (1 awardee)
National	"Craftsmanship • Gardener's Love" Teacher Lesson Setting Competition in the 8th National Applied Talent Comprehensive Skills Competition (第八屆全國應用型人才綜合技能大賽「匠心•園丁情」教師創課大賽) — Third Prize (1 awardee)
National	The 7th National College Teacher Basic Skills Competition (第七屆全國高校教師基本功大賽) — Award of excellence (1 awardee)
National	National College Students English Translation Competition (English to Chinese translation) (全國大學生英語翻譯能力大賽(英譯漢)) — Outstanding instructor award (1 awardee)
Provincial	"Building Dreams for the Future" 2022 Chinese Classics Speech Competition of Jiangsu Province (「築夢向未來」江蘇省2022年度中華經典誦讀大賽) — First Prize (1 awardee)
Provincial	The 17th Interior Decoration Design Competition (Staff Group) of Jiangsu Province (江蘇省第十七屆室內裝飾設計大賽(職工組)) — First Prize (1 awardee)
Provincial	The 3rd Teaching Innovation Competition for Teachers of General Undergraduate Colleges of Sichuan Province (第三屆四川省普通本科高校教師教學創新大賽) — Third Prize (4 awardees)
Provincial	The Digital Intelligent Enterprise Operation Sandtable Competition for College Students of Gansu Province (甘肅省大學生數智化企業經營沙盤大賽) — First Prize
Provincial	The 6th National Digital Creative Teaching Skills Competition (第六屆全國數字創意教學技能大賽) — First Prize (2 awardees) and Second Prize (4 awardees)
Provincial	The First "Yongchuang Cup" National College Innovative Design Competition (首屆「永創杯」全國高校創意設計大賽) — First Prize (1 awardee) and Second Prize (1 awardee)
Provincial	Digital Media Technology Application Vocational Skills Competition 2023 of Jiangsu Province (2023年江蘇省數字媒體技術應用職業技能競賽) — Second Prize (6 awardees)
Provincial	The 2nd Teachers Basic Education Skills Display Activities of Sichuan Colleges and Universities in Fine Arts Major (四川省第二屆高等學校美術教育類專業教師基本功展示活動) — First Prize (2 awardees)

Enrich Educational Resources

In order to better provide high-quality education resources to the society, while continuously improving the quality of education, the Group continuously explores and innovates education methods with its rich industry experience and professional education team, and adopts various ways to keep on enriching our education resources and provide guarantee for high-quality education.

Hope Education continues to strengthen the construction of internal software and hardware facilities, improve professional training conditions, and upgrade and transform the teaching environment. During the Reporting Period, the Group invested RMB188,000,000 in the construction, renovation and expansion of experimental training rooms, constructed training sites of 49,000 sq.m., and built 360 smart classrooms and 205 units of rail training centers, new energy vehicle technology professional training centers, medical imaging technology professional training centers, industrial robot training rooms, etc. A new library with an area of 17,700 sq.m. was built, with 540,000 new paper books and 7,468,000 new e-books purchased.

Hope Education actively carries out multi-party exchanges with an open, cooperative and win-win attitude to enhance the connection with overseas universities and industries. In 2023, the Group adhered to the strategic policy of, and earnestly implemented the layout plan of, internationalized school operation. Metharath University in Thailand, the number of students enrolled continued to grow, and projects such as doctoral degree in public administration, bachelor's degree in law and master's degree in public administration were added. INTI International University in Malaysia actively improved the teaching quality of the school and achieved remarkable results:

- The school successfully held 4 international academic seminars and 10 industry advisory board meetings.
- Through the implementation of 335 employer cooperation projects and the signing of 97 memorandums of understanding for on-the-job adult education courses, the cooperation relationship with the industry has been strengthened.
- The student group won 631 awards and achievements of various types, such as gold medal in the 2023 International Physics Olympiad and gold medal in the 2023 International Mathematical Olympiad.
- The teacher/employee group won 180 awards and achievements of various types, such as the 2023 World Distinguished Digital Entrepreneur Lifetime Achievement Award and the Honorary Distinguished Academician Award.

In addition, during the Reporting Period, all schools strengthened communication with external parties, actively explored opportunities for the integration of industry and education, and carried out close cooperation with high-quality enterprises:

- Guizhou Vocational Institute of Technology has become a member of the Municipal Industry and Education Union of Phosphorus Chemical Industry and New Energy Storage Materials Industry in Qiannan Prefecture.

- Jinken College of Technology and JD.com jointly established JD.com E-commerce Industry College, which won a number of honors such as "Outstanding Contribution Award", "Talent Cradle Award" and "Excellent Cooperative School Award", fully demonstrating our outstanding contribution in the cultivation field of e-commerce industry.

- Baiyin Hope Vocational and Technical College and the Management Committee of Baiyin West Economic Development Zone signed a cooperation agreement on the integration of school and local development, which laid a solid foundation for the common development of both parties.

- Sichuan Hope Automotive Vocational College has formulated a talent cultivation plan for the integration of industry and education, and actively participated in the Sichuan Cultivation Alliance of On-site Engineers of Advanced Manufacturing (《四川省先進製造業現場工程師培養聯盟》), which carried out joint cultivation of on-site engineers and contributed to the cultivation of high-caliber talents.

Students' Potential Stimulation

Hope Education attaches great importance to stimulating students' potential. Adhering to the concept of "promoting learning, teaching and development via competition", we have formulated the Guiding Opinions on Encouraging Schools under the Group to Organize All Types of Competitions (《關於鼓勵集團院校開展各類競賽活動的指導意見》) and other systems, so as to encourage schools to hold various types of competitions, providing a platform for teachers and students to practice and show their own values. In the competitions, students not only honed their professional knowledge and skills, but also improved their communication skills and cultivated team collaboration and problem-solving skills. At the same time, the Group has formulated the Incentive Measures for Schools under the Group to Organize All Types of Competitions (《關於集團院校開展各類競賽活動獎勵辦法》), which set incentive standards for different competition awards to fully stimulate the enthusiasm of students to participate in various competitions.

Table of accolades obtained by students of Hope Education in 2023 (Partial)

Level of Award	Names of Awards
International	The 4th SGADC-Singapore Sands Art Design Competition in 2023 (2023第四屆SGADC — 新加坡金沙藝術設計大賽) — Silver Award (2 awardees) and Bronze Award (1 awardee)
National	2023 "Heng Xin Cup" National Tax Early Warning and Risk Control Knowledge Competition (2023年「衡信杯」全國税務預警風控知識大賽) — First Prize
National	2023 National College Students English Competition (2023年全國大學生英語競賽) — Second Prize (1 awardee)
National	Milan Design Week 2023 — Excellent Works Exhibition of Design Discipline Teachers and Students in Chinese Universities (2023年米蘭設計週中國高校設計學科師生優秀作品展) (2 awardees)
National	2023 Digital Skills Application Competition for College Students — java (2023大學生數字技能應用大賽 — java) — Second Prize (2 awardees)
Provincial	The 10th College Students Art Exhibition in Sichuan Province (四川省第十屆大學生藝術展演活動) (1 awardee)
Provincial	The 18th "Challenge Cup" National After-school Academic Science and Technology Competition for College Students (第十八屆「挑戰杯」全國大學生課外學術科技作品競賽) — First Prize (1 awardee) and Third Prize (2 awardees)
Provincial	2023 (9th) National Statistics Modeling Competition for College Students (2023年(第九屆)全國大學生統計建模大賽) — First Prize (4 awardees)
Provincial	The 9th "Oriental Fortune Cup" National College Student Financial Challenge (第九屆「東方財富杯」全國大學生金融挑戰賽) — First Prize (3 awardees)
Provincial	2023 Jiangsu College Students Computer Design Competition (2023江蘇省大學生計算機設計大賽) — Excellent Award (1 awardee)
Provincial	"CCB Cup" — the 9th "Internet+" Innovation and Entrepreneurship Competition for College Students of Guizhou Province (「建行杯」第九屆「互聯網+」大學生創新創業大賽貴州省省賽) — Silver Award (1 awardee) and Bronze Award (13 awardees)
Provincial	Ningxia Hui Autonomous Region Vocational Skills Competition — Embedded Application Technology Project (Group) (寧夏回族自治區全區職業技能大賽嵌入式應用技術項目團體) — First Prize (1 awardee)
Provincial	The 17th China Creative Challenges Contest (第17屆中國好創意大賽•暨全國數字藝術設計大賽) — First Prize (1 awardee)
Provincial	CP Cup — the 13th National Market Investigation and Analysis Competition for College Students (正大杯第十三屆全國大學生市場調查與分析大賽) — Second Prize (1 awardee) and Third Prize (1 awardee)
Provincial	"The Ideological Class in My Mind" — the 6th Micro Film Exhibition and Selection Activity for College Students (「我心中的思政課」— 第六屆高校大學生微電影展示作品徵集和評選活動) — First Prize (1 awardee)
Provincial	The 14th National Mathematics Competition for College Students (Sichuan Zone) (第十四屆全國大學生數學競賽四川賽區) — First Prize (1 awardee)

Community's Satisfaction

Hope Education attaches great importance to the satisfaction of society, as well as teachers and students of each school, and regards it as one of the important indicators for the effectiveness of the Group's operation. In our daily operations, we have always adhered to the concepts of "Logistics Support Satisfaction", "Employment Service Satisfaction", "Student Care Satisfaction", "Teaching Responsibility Satisfaction" and "Learning Atmosphere Satisfaction", established a transparent and effective communication and feedback mechanism, and actively communicated with students, parents and all sectors of society through diversified platforms such as Weibo and WeChat to obtain their opinions and suggestions in a timely manner.

In order to quickly respond to the opinions and suggestions put forward by students and parents, the Group has adopted a rapid problem solving mechanism internally, after problems are located and distributed to responsible units, the Group will also track them continuously, communicate with the relevant units regarding the problems raised by students and their parents, review results for problem handling, and follow up the satisfaction of students and their parents with such results.

Figure: Opinion processing mechanism of Hope Education

Logistics Support

In order to ensure the normal operation of schools and promote the sustainable development of Hope Education, the Group has formulated the Logistics Management Measures (《後勤管理辦法》), which provides detailed provisions on key issues such as food safety, campus safety, fire safety and medical safety of schools. All schools strictly abide by the rules and regulations to ensure the safety and health of teachers and students as the priority, actively cultivate the safety awareness of teachers and students, and always be vigilant of potential risks on campus. During the Reporting Period, the Group had no major campus safety incidents.

Safeguarding Food Safety

Hope Education has always regarded food safety as one of the most important management tasks. The Group strictly complies with the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》), the Implementation Regulation on Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法實施條例》), the Measures for Supervision and Administration of Food Safety in Catering Services (《餐飲服務食品安全監督管理辦法》), the Code of Practice for Food Safety in Catering Services (《餐飲服務食品安全操作規範》), the Guidelines for Canteen Safety of Higher Education Institutions (《普通高等學院食堂安全工作指南》) and other laws and regulations, requiring all schools to establish a complete food safety management system to ensure that every link of food production, processing and supply is safe and controllable.

- Procurement: Each school canteen follows the procurement management system for canteen raw materials, and needs to verify the supplier's food business license, food inspection certificate and suchlike during the procurement process. At the same time, a food procurement ledger is set up for inspection;

- Storage: School canteens need to classify and store raw materials according to the storage management system to ensure the freshness of food and avoid cross-contamination caused by improper storage. The canteen needs to conduct regular inspection on the stored raw materials to avoid the deterioration of food ingredients and pest bite. In addition, warehouse management personnel are required to inspect the storage equipment and facilities in the canteen to avoid the impact on food storage;

- Sample retention management: The canteen shall implement the meal sample retention system, store samples in a dedicated refrigerator in accordance with the types, quantity and time of food retention as stipulated in the system, and designate personnel to be responsible for registration and filing in the Registration Form for Food Sample Retention and Tasting (《食品留樣試嘗情況登記表》) to ensure that once problems occur, the problems can be quickly identified and the problems can be traced and held accountable;

- Personnel management: In order to ensure the health conditions of food practitioners, all practitioners are required to undergo regular physical examinations and obtain health certificates before they are allowed to work; and

- Store management: The Group regulates and manages the business scope of stores and supermarkets. All stores and supermarkets must obtain necessary certificates such as business license, tax registration certificate, food circulation license and personnel health certificate before they can operate. All food products operated by supermarkets are required to have inspection certificates, and no uncertified, dateless and brandless products, as well as expired items are allowed to be in operation. The Group will impose severe penalties for non-compliance with regulations and articles of association.

Ensuring Campus Safety

In order to consolidate the safety foundation and build a harmonious campus, the Group has established a special leadership group for safety work, formulated a series of safety work systems, as well as a detailed plan and an emergency plan. We have installed various safety facilities to investigate the locations with risks in campus, regularly carry out safety education, enhance the safety awareness of all teachers and students, and eliminate the potential safety risks in campus to the greatest extent through various measures, creating a stable and secure learning environment for each of our teachers and students.

Strengthening Fire Safety Guarantee

The Group attaches great importance to fire safety on campuses. In order to ensure the safety of every teacher and student, the Group continuously refines the College Fire Management System (《學院消防管理制度》) and the Fire Control Room Management System (《消防控制室管理制度》) based on the actual situation of the campus in compliance with the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), Provisions on the Administration of Fire Safety at Higher Academic Institutions (《高等學校消防安全管理規定》) and other laws and regulations. During the Reporting Period, the Group focused on strengthening the fire safety responsibilities of all levels and positions, regularly maintained and tested fire-fighting facilities and equipment, carried out fire inspections and safety drills, and continuously improved the awareness of fire safety prevention of teachers and students to ensure their safety of life and property.

Providing Medical and Health Support

The Group adheres to the people-oriented concept and cares about the health of employees and students. During the Reporting Period, the Group continued to optimize the health management system of each school on the basis of complying with relevant regulatory requirements, formulating internal emergency management systems including the College Public Health Emergency Contingency Plan (《學院突發公共衛生事件應急預案》), the College Infectious Disease Prevention and Control Plan (《學院預防與控制傳染病預案》) and the College Food Poisoning Emergency Contingency Plan (《院校食品中毒應急預案》). The Group has set up medical rooms equipped with professional medical personnel and professional medical equipment and drugs in each school to provide timely medical and health support for all teachers and students. In addition, each school regularly provides employees with health examinations, health lectures and other services to help teachers and students improve their health awareness and build a strong body.

Attaching Importance to the Healthy Growth of Students

The physical and mental health of students is related to their personal growth and development. The Group attaches great importance in this regard and has taken various measures for protection. During the Reporting Period, in order to strengthen the management of student health, each school established student health files to understand the health status of each student precisely and paid special attention to the needs of focused students.

In order to strengthen emergency response capabilities of students and enhance safety awareness of students, each school held first-aid knowledge lectures, organized students to participate in safety education and safety drills for many times, and established a student emergency response plan system to properly respond for possible accidents.

On campus, we have set up an education center on students' mental health to provide special training on mental health education and mental counseling services in a professional manner, ensuring the mental health of students. In addition, we have set up cathartic and relaxing facilities for students to effectively relieve their mental pressure, relieve anxiety and cultivate positive mentality.

Student Employment

Hope Education actively responds to the challenges in the employment market and provides prospective and diversified employment support to students. In accordance with the Law for Promoting Private Education (《民辦教育促進法》) and the Service Guide on Employment and Entrepreneurship Policy for College Graduates (《高校畢業生就業創業政策服務指南》), the Group continues to optimize the Administrative Measures for Employment (《就業管理辦法》) based on the actual situation of the employment market to provide guidance for student employment and ensure that each student can achieve personal career development.

During the Reporting Period, the Group adopted various measures to support the employment of students:

- Each school provides students with career consultation and counseling services to help students clarify their career goals and formulate their own career development plans.

- All schools continued to deepen school-enterprise cooperation, continued to increase the number of cooperative contracted enterprises, communicated and negotiated with enterprises in aspect of students' employment policies, benefits and other aspects, and provided support and assistance for students' employment.

- The Group held various on-campus job fairs and mutual selection fairs, and invited numbers of enterprises to participate, providing jobs for students in schools and implementing employment through the online and offline employment recommendation model.

SOCIAL RESPONSIBILITY

Employee Development

Protection of Employee's Interests

Hope Education values and protects the basic rights and interests of employees, upholds the principle of equal employment, and is committed to creating a healthy, safe and inclusive workplace environment for employees. Hope Education has formulated the Administrative Measures on Labor and Labor Contracts and Social Insurance (《勞動和勞動合同和社會保險管理辦法》), the Administrative Measures on Employee Recruitment (《員工招聘管理辦法》) and other systems in compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Regulation on Work Injury Insurance (《工傷保險條例》) and other laws and regulations, where the employment, treatment and promotion of employees will not be affected by factors such as their ethnicity, nationality, gender, religion, age and marital status. We firmly prohibit the employment of child labor and forced labor, and we respect and firmly safeguard the legitimate rights and interests of all employees and applicants. We sign contracts with all employees in accordance with the law, and set up detailed background checking procedures before the commencement of employment, which fundamentally eliminated the occurrence of illegal employment. During the Reporting Period, the labor contract signing rate of employees was 100%.

Hope Education has formulated internal management systems such as the Headquarters Administrative Measures on Remuneration (《總部薪酬管理辦法》), the Remuneration Reform Plan (《薪酬改革方案》) and the Employee Remuneration Adjustment Measures (《員工薪資調整辦法》) to provide employees with a competitive remuneration system, and implement fair and objective performance management measures to give full play to the value of employees. Under the basic system model of unified remuneration, we fully consider various factors such as position, education background, professional title and teaching age, flexibly adjust the remuneration of faculty and staff, and take a number of measures to attract faculty and staff at all levels, encourage employees to realize their potential, greatly improve the satisfaction of faculty and staff, and thus stimulate their potential.

The Group complies with policies and regulations such as the Implementing Measures for Paid Annual Leave for Employees (《企業職工帶薪年休假實施辦法》) issued by the Ministry of Human Resources and Social Security of the People's Republic of China (國家人力資源社會保障部), continuously improves the leave system and leave application mechanism, and provides full-pay annual leave, marriage leave, welfare annual leave and suchlike to help employees with a better work-life balance. We carry out annual health checks for all faculty members of each school and purchase accidental injury insurance, aiming to protect employees from worrying at work and living a healthy life. During the Reporting Period, no labor dispute litigation occurred, and the employee social security coverage was 100%. In the past three years, the Group had no work-related employee fatality incidents.

Name of Indicator			Unit	Quantity
Total number and type of employees	Total number of employees		Person	15,582
	Total number of teachers		Person	12,777
	Number of new recruits		Person	4,921
	By gender	Number of male employees	Person	5,819
		Number of female employees	Person	9,763
	By employment type	Teachers	Person	12,777
		Administrative and logistics staff	Person	2,805
	By age	Under 30 years old	Person	6,815
		30–50 years old	Person	7,255
		50 years old or above	Person	1,512
	By geographical region	Sichuan Province	Person	3,775
		Guizhou Province	Person	1,737
		Shanxi Province	Person	216
		Ningxia Autonomous Region	Person	1,259
		Jiangsu Province	Person	533
		Henan Province	Person	178
		Other regions in Mainland China (except Sichuan, Guizhou, Shanxi, Ningxia Autonomous Region, Jiangsu and Henan)	Person	6,253
		Hong Kong, Macau and Taiwan	Person	1
		Overseas	Person	1,630

Unimpeded Development Channels

To support our employees in achieving their personal career goals, we provide various career development support. Hope Education continues to improve its career development system, revises the Administrative Measures on Performance Incentives and Assessment of School Operations (《院校業務工作激勵考核管理方法》), combines remuneration with employment standards, motivates talent training, and matches the Group's strategic needs through the realization of employees' self-worth. At the same time, we organize and collect employees' opinions and feedback on the assessment mechanism, conduct periodic review and revise the policy system to further improve employees' satisfaction, enthusiasm, sense of achievement and cohesion. During the Reporting Period, the schools of the Group introduced and trained 2,426 teachers, including 147 teachers with professional titles of deputy senior level or above, 94 talents with professional skills, and more than 50% of full-time teachers with master's degree or above.

By encouraging teachers to obtain relevant senior titles, improve their academic qualifications during employment, expand academic exchanges and participate in high-level professional skill competitions, the Group enhances the business capabilities of teachers, helping them in an organic combination of professional theoretical knowledge with diversified skills, laying a foundation for exporting high-quality and high-caliber students. During the Reporting Period, the Group held a seminar for teachers and counselors, and vigorously advocated to be a "good teacher in four areas[1]" through exchanging practices and experiences in building teacher ethics and morality. A total of 106 outstanding teachers and 91 outstanding counselors were commended by the Group.

Enhancement of Teacher's Ability

We continue to improve the training system of our teaching team, and have formulated internal policies such as the Implementing Measures on Standardized Training Program (《規範化培訓工作的實施辦法》), the Training System of Teacher Posts (《教師崗位培訓制度》) and the Guidance on Strengthening the Building of Teaching Team of Higher Education Institutions within the Group (《關於加強旗下高等院校師資隊伍建設的指導意見》), as well as training lecturer team building plans to continuously improve the teaching ability and level of our teaching team. We have established a training curriculum system for faculty members for different regions, different professions and different stages, which has greatly expanded the knowledge reserve of faculty members and comprehensively improved their professional quality and professional skills. During the Reporting Period, Hope Education had a total of 14,335 employees participating in the training, with a total training time of 417,078.6 hours. In particular, we carried out 17 special training sessions on improving the professional skills of young teachers, with more than 15,000 participants.

[1] Good teacher in four areas: excellent teachers with ideals, morals, solid knowledge, and a caring heart.

Care for Employees

Hope Education has formulated the Employee Welfare System for the Headquarters and Subsidiaries of the Hope Education Group (《希望教育集團總部及所屬公司員工福利制度》) and other internal management measures to care about employees, carried out a number of measures to comprehensively care for employees and their families, and provided employees with welfare benefits, employee physical examination, benefits on women's day, meal subsidies, housing subsidies, transportation subsidies and other benefits, so as to attract and retain outstanding talents through a sound employee care system. We have established a feedback database for each employee to record and address their demands such as salary and career development, so as to improve employee satisfaction. At the same time, the Group continued to enrich employees' life and enhance their sense of belonging and identity to the enterprise through organizing various leisure activities, including regular health check, visiting and learning, festive activities, recreational activities and sports games.

Community Support

Provision of Volunteer Support

Hope Education is committed to achieving corporate social value and regards promoting social progress as an integral part of its development strategy. We are committed to fulfilling good corporate citizenship responsibilities, solidly promoting national plans such as rural revitalization and coordinated regional development, as well as practicing social responsibilities with practical actions. We actively participated in the rural revitalization action, innovated the vocational education model, cultivated technical talents for rural areas, subsidized students with financial difficulties of the family in to complete their studies, and continued to promote the common development of enterprises and society.

During the Reporting Period, we donated a total of RMB3,250,000 in community support, including Sichuan Medical Association (四川省醫學會), Sichuan Ziyang May Sunshine Education Fund (四川資陽五月陽光教育基金會) and Baqiao Xinhuacun Villagers' Committee (灞橋區新華村村民委員會).

Case: "Care from the College, Inspirational Action, Chinese Dream", a summer social practice activity of "Bringing technology, culture and public health to the countryside (三下鄉)" of Guizhou Qiannan College of Science and Technology

In July 2023, the Rural Revitalization Practice Team of the Social Practice Service Group of Guizhou Qiannan College of Science and Technology successively went to the Agricultural Economic Cooperative in Changming Village, Huishui County, Qiannan Prefecture and Guizhou Yirong Ecological Fishery Co., Ltd. (貴州毅融生態漁業有限公司) to carry out visits and research activities, exploring the operation and management, revenue growth and sales in cooperatives and enterprises. Through in-depth understanding of the development of rural industries and the actual needs of rural residents, members of the social practice group put forward specific strategies in response to the development of rural industries in the research report, and made suggestions for promoting agricultural upgrading and rural revitalization. This event deepened the team members' understanding and awareness of the current status of rural enterprise development, and made them aware of the important mission of promoting rural revitalization.

Photo: The Practice Group of Guizhou Qiannan College of Science and Technology conducted research and discussion with the local village branch secretary and the person in charge of the enterprise

Case: University Students Practice Group of School of Humanities and Law of Yinchuan University of Energy went to Xiji County, Ningxia to carry out the "Rural Revitalization" themed social practice activity

In the summer of 2023, the "Western Fortune Land" practice group of School of Humanities and Law of Yinchuan University of Energy went to Xiji County, Ningxia to carry out a one-week "Rural Revitalization" themed social practice activity. Through in-depth field work practices, visiting the Jiangtaibao Red Army Reunion Memorial Park, the innovation practice base of enterprises and other places, and understanding and communicating with village cadres about the policies related to rural revitalization and the effectiveness of poverty alleviation, the students experienced the social development brought by rural revitalization in practice, which greatly improved their understanding of the national rural revitalization strategy, and inspired students' in-depth thinking and learning motivation in culture, ecology, as well as economic and social progress.

Photo: A summer social practice activity of "Rural Revitalization (鄉村振興)" of a practice group in Yinchuan University of Energy

Promoting Cultural Integration

Hope Education is well aware that excellent traditional culture is the spiritual lifeblood of the Chinese nation and a solid foundation for China to stand firm in the world's cultural turmoil. During the Reporting Period, the Group combined traditional Chinese culture, local culture and activities to encourage students to perceive and learn excellent traditional Chinese culture in practice and promote students' recognition and inheritance of Chinese culture.

Hope Education Schools Promoting Traditional Cultural Activities

- Sichuan Vocational College of Culture & Communication launched a themed activity of "Tracing the Red Memory from Chongzhou Veterans in resist U.S. aggressors and aid Korea"
- "Revisit Luding Bridge, tracing of the Long March Soul" — The Party Committee of Hope Education Group organized Party members and cadres to conduct themed education in Luding
- Yinchuan University of Energy held the first lecture of the 2023 "Excellent Traditional Culture in Campus" series

With the goal of cultivating students' good moral qualities and behavioral habits, Hope Education helps students to shape positive and healthy personalities and provides strong support for their comprehensive development through the Group's unique brand activity — thanksgiving season.

Hope Education Thanksgiving Season Activities

Theme: The Gift of Youth to the 20th National Congress, a New Journey to a Stronger Nation

- Focusing on learning the "Four Histories" and the "Concise History of the Communist Party of China" reading and sharing session
- "Our Ten Years" Short Video Collection Activities
- "The rejuvenation of a strong nation lies on me" essay contest
- "Forge Ahead on a New Journey, Contribution to a New Era" theatrical performance event
- "Youth Gives to the Motherland" speech contest

Supply Management

Hope Education attaches great importance to supplier management and is committed to building a sustainable supply chain which is ethical and compliant, open and transparent, as well as green and healthy. The Group complies with the Bidding Law of the People's Republic of China (《中華人民共和國招投標法》) and other laws and regulations, continuously improves internal management documents such as the Procurement Contracts System (《採購合同制度》), the Supplier Management System (《供應商管理制度》) and the Management System of the Group's Procurement Department (《集團採購部管理制度》) to standardize the responsibilities of suppliers, and establishes a full life cycle management process from access, daily management, procurement mechanism, assessment to exit segment, which keep promotes the construction of supplier management system, and establishes a supplier classification management system through an informatization platform to ensure the compliance and efficiency of procurement in practice.

The supply chain management system of Hope Education covers the whole process from bidding, supplier access, supplier management to supplier exit. Through the formulation of standardized operation procedures and quality standards, the standardized management of the procurement process has been realized, and environmental and social risks along the supply chain have been effectively controlled. The Group conducts quarterly qualification investigation and certification for its suppliers in terms of their qualification level, delivery assurance ability, quality assurance ability, cost assurance ability, whether there is a bad record, degree of support to the Group, credibility, etc., and grades suppliers based on the results. We encourage suppliers to continuously improve their ESG performance, as well as cooperating with suppliers to build a high-quality campus environment.

Class A suppliers

- For class A suppliers, we will enhance their procurement priority

Class B suppliers

- Class B suppliers are required to rectify within a time limit

Class C suppliers

- Class C suppliers will be guided and improved by the procurement department, the audit department, the supervision department and other departments, and will be eliminated if they fail to reach class B or above within a time limit

Class D suppliers

- Forbid the use of suppliers with quality problems in cooperation, classify suppliers with evaluation scores below 70 as class D and eliminate them, and no longer accept the supplier's access and application within one year

Figure: Supplier rating management

Hope Education attaches great importance to improving the professional skills of procurement staff and continues to carry out bidding related training. During the Reporting Period, Hope Education conducted a total of 7 procurement training courses to strengthen the awareness and understanding of the professional knowledge of bidding and tendering, details of online shopping materials and cost control, business specifications for unified procurement process and other related work.

As at the end of the Reporting Period, Hope Education had a total of 270 suppliers, the distribution of which are as follows:

Supplier Location	Unit	Quantity
Number of suppliers in Sichuan Province	Company	98
Number of suppliers in Guizhou Province	Company	21
Number of suppliers in Shanxi Province	Company	12
Number of suppliers in Ningxia Autonomous Region	Company	18
Number of suppliers in Jiangsu Province	Company	25
Number of suppliers in Henan Province	Company	2
Number of suppliers in other regions in Mainland China (excluding Sichuan, Guizhou, Shanxi, Ningxia Autonomous Region, Jiangsu and Henan)	Company	94

ENVIRONMENTAL RESPONSIBILITY

Hope Education adheres to the national strategy of green and low-carbon development and always implements the concept of sustainable development. The Group takes environmental protection as its responsibility, continuously improves the construction of environmental management system, keep promoting energy conservation and emission reduction, implements various resource and energy conservation measures, achieves continuous improvement of environmental performance, and promotes the harmonious coexistence of human and nature.

Energy Saving

Hope Education complies with relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), and has formulated internal systems such as the Management Measures on Fixed Assets (《固定資產管理辦法》) to continuously strengthen environmental management, timely update various internal resource conservation work, and comprehensively guide the low-carbon operation of subordinate schools. In terms of consumables management, the Group has established a unified centralized procurement mechanism, requiring all schools to carry out centralized procurement on a regular basis and update the List of Inventory of Low-value Consumables (《低值易耗品庫存盤點表》) in real time, so as to achieve the purpose of resource optimization and cost saving. In 2023, Hope Education fully implemented paperless office and required all offices and schools to implement strict supervision and inspection, which greatly reduced paper waste.

Based on the industry development plan and our own operation strategy, we continue to revise the annual environmental objectives, improve the environmental protection work policies, and issue environmental protection initiatives to schools, so as to effectively improve the comprehensiveness and uniformity of the environmental management of the Group.

Saving Electricity

In addition to focusing and adjusting the electric consumption time, electric consumption in campus should be choosing high-efficiency energy-saving products with less electric consumption rate as much as possible, and power should be turned off when not in use. For example:

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

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

Saving Water

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

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

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

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

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

Saving consumables

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

1. Fully implement paperless office, where all internal documents and all kinds of business notices of the Group are published in electronic documents; examination and approval of various matters are conducted online.

2. The uniform use of electronic business cards by employees;

3. Standardize the use of printers and establish an online declaration and printing process. If employees need to print external documents, application materials, contracts and other documents, they need to apply for approval before printing;

4. Strict procurement, management and use of consumables such as office supplies, chemicals, reagents and laboratory materials to avoid disorder;

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

Comprehensive utilization of resources

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

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

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

Emission Reduction

In the context of China's strategic goals of "Carbon Peaking" and "Carbon Neutrality", Hope Education actively implements the concept of green operation, takes effective measures to reduce carbon emissions, improves resource utilization efficiency, saves energies and water resources, improves the recycling and reuse of wastewater, exhaust gas and waste, and contributes to the realization of China's sustainable development goals. During the Reporting Period, the discharge of all pollutants satisfies required standards.

Wastewater Management	• The wastewater on campus is divided into different types such as sanitary wastewater and laboratory wastewater, which are collected and treated separately. • Collect and store rainwater on campus for non-drinking purposes such as irrigation and car washing. • Conduct regular inspection and facilitation of the campus drainage pipe network system to prevent obstruction.
Exhaust Gas Management	• Install oil fume purification devices in the canteen to reduce oil fume emissions through mechanical filtration and other methods. • Install oil fume hood and oil fume exhaust pipe to quickly discharge oil fumes out of the kitchen and reduce indoor pollution. • Air ducts are cleaned irregularly to avoid accumulation of fumes.
Waste management	• Set up garbage bins for sorting on campus to guide students and faculty members to sort garbage. • Set up a centralized garbage collection station at a fixed location, and then uniformly transport and dispose of the garbage. • In campus daily necessities, the use of degradable tableware and packaging is encouraged. • Cultivate students the concepts of environmental protection and reduce waste generation. • The small amount of medical waste generated by the school infirmary is collected, transported and disposed by qualified third parties after registration of the quantity by doctors.

Responding to Climate Change

Climate change is a common challenge faced by the world. Driven by the national "Carbon Peaking and Carbon Neutrality" program, Hope Education focuses on improving the level of climate change governance and fully implements the relevant requirements of the State Council, and supports the Paris Agreement (《巴黎協定》) 2°C temperature control target reached by the parties to the United Nations Framework Convention on Climate Change (《聯合國氣候變化框架公約》). As a member of the education industry, we actively encourage each school to give full play to their main role, carry out various publicity and training, guide all teachers and students to establish a correct and comprehensive concept to cope with climate change, and actively explore suitable solutions based on their own characteristics. The Group calls on all employees to jointly explore the climate plan with the characteristics of Hope Education Group and make proper contributions to the realization of the "dual carbon" goal.

APPENDIX I: TABLE OF KEY DATA FOR 2023

Indicators	Unit	Data for 2023
A1 Emissions		
Total greenhouse gas emissions[2]	Tonne of CO_2 equivalent	47,669.17
Direct greenhouse gas emissions (Scope 1)	Tonne of CO_2 equivalent	351.55
Indirect greenhouse gas emissions (Scope 2)	Tonne of CO_2 equivalent	47,317.63
Intensity of greenhouse gas	Tonne of CO_2 equivalent per RMB1 million of revenue	13.31
Total amount of hazardous waste	Tonne	5.32
Abandoned lighting tubes	Piece	5,325.00
Used printer toner cartridge	Piece	583.00
Used batteries	Piece	3,675.00
Scrapped ink cartridges	Piece	333.00
Hazardous waste from laboratories	Tonne	3.04
Other	Tonne	0.5
Recycled ink cartridges	Piece	92.00
Intensity of hazardous waste	Tonne per RMB1 million of revenue	0.001485
A1.3 Non-hazardous waste produced		
Total amount of non-hazardous waste	Tonne	50,125.37
Kitchen garbage	Tonne	16,720.00
Domestic garbage	Tonne	33,330.00
Office paper	Tonne	43.79
Discarded stationeries	Tonne	31.58
Intensity of non-hazardous waste	Tonne per RMB1 million of revenue	13.9951

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

Indicators	Unit	Data for 2023
A2 Use of Resources		
A2.1 Total energy consumption and intensity		
Total energy consumption[3]	Tonne of standard coal consumption	10,225.43
Electricity consumption	kWh	81,441,696.96
Pipeline gas	m^3	162,588.09
Intensity of energy consumption	Tonne standard coal consumption per RMB1 million of revenue	2.85
A2.2 Water consumption and intensity		
Office and domestic water consumption	Tonne	4,641,454.40
Intensity of water consumption	Tonne per RMB1 million of revenue	1,295.90
B1 Employment		
Total workforce	Person	15,582
By gender		
Male	Person	5,819
Female	Person	9,763
By employment type		
Teacher	Person	12,777
Administrative and logistics staff	Person	2,805
By age group		
Below 30 years old	Person	6,815
30–50 years old	Person	7,255
Over 50 years old	Person	1,512
By geographical region		
Mainland China	Person	13,951
Hong Kong, Macau and Taiwan	Person	1
Overseas	Person	1,630
B2 Health and Safety		
Number of work-related fatalities	Person	0
Days lost due to work injury	Day	172
Number of work injury	Case	10
Other		
Employee medical examination coverage	%	100

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

Indicators	Unit	Data for 2023
B3 Development and Training		
Total number of employees trained	Person	14,335
By gender		
Male	Person	(34.2%)
Female	Person	(65.8%)
By employment type		
Teacher	Person	(74.9%)
Administrative and logistics staff	Person	(25.1%)
Average training hours of employees		
Average training hours of all employees	Hour	29.10
By gender		
Average training hours per male employee	Hour	26.80
Average training hours per female employee	Hour	30.29
By employment type		
Average training hours of teachers	Hour	29.88
Average training hours of administrative and logistics staffs	Hour	26.75
B5 Supply Chain Management		
Total number of suppliers	Company	270
In Sichuan Province	Company	98
Guizhou Province	Company	21
Shanxi Province	Company	12
Ningxia Autonomous Region	Company	18
Jiangsu Province	Company	25
Henan Province	Company	2
Other regions in Mainland China	Company	94
Hong Kong, Macau and Taiwan	Company	0
B7 Anti-corruption		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period		
Number of instituted or concluded legal cases regarding corrupt practices	Case	0
B8 Community Investment		
Contribution of fund	RMB	3,250,000

APPENDIX II: ESG INDICATOR INDEX

ESG KPI	Guideline Requirements	Report Section/Statement
A1: Emissions	General Disclosure	Environmental Responsibility
	A1.1 The types of emissions and respective emissions data.	Environmental Responsibility — Emission Reduction 2023 Main Data List
	A1.2 Total greenhouse gas emissions and, where appropriate, intensity.	Environmental Responsibility — Emission Reduction 2023 Main Data List
	A1.3 Total hazardous waste produced and, where appropriate, intensity.	Environmental Responsibility — Emission Reduction 2023 Main Data List
	A1.4 Total non-hazardous waste produced and, where appropriate, intensity.	Environmental Responsibility — Emission Reduction 2023 Main Data List
	A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility — Emission Reduction
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility — Emission Reduction
A2: Use of Resources	General Disclosure	Environmental Responsibility — Energy Saving
	A2.1 Direct and/or indirect energy consumption by type in total and, where appropriate, intensity.	Environmental Responsibility — Energy Saving 2023 Main Data List
	A2.2 Water consumption in total and, where appropriate, intensity.	Environmental Responsibility — Energy Saving
	A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibility — Energy Saving
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency initiatives and results achieved.	Environmental Responsibility — Energy Saving No issue in sourcing water that is fit for purpose
	A2.5 Total packaging material used for finished products and with reference to per unit produced.	Not applicable. The Group does not use any product packaging materials during operation.

ESG KPI	Guideline Requirements	Report Section/Statement
A3: The Environment and Natural Resources	General Disclosure	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.
A4: Climate Change	General Disclosure Policies on identification and response of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Responsibility — Response to Climate Change
	A4.1 Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility — Response to Climate Change
B1: Employment	General Disclosure	Social Responsibility — Employee Development
	B1.1 Total workforce by gender, employment type, age group and geographical region.	Social Responsibility — Employee Development 2023 Main Data List
	B1.2 Employee turnover rate by gender, age group and geographical region.	Social Responsibility — Employee Development 2023 Main Data List
B2: Health and Safety	General Disclosure	Educational Responsibility — Logistics Support Social Responsibility — Employee Development
	B2.1 Number and rate of work-related fatalities.	Social Responsibility — Employee Development 2023 Main Data List
	B2.2 Lost days due to work injury.	2023 Main Data List

ESG KPI	Guideline Requirements	Report Section/Statement
B3: Development and Training	General Disclosure	Social Responsibility — Employee Development
	B3.1 The percentage of employees trained by gender and employee category.	Social Responsibility — Employee Development 2023 Main Data List
	B3.2 The average training hours completed per employee by gender and employee category.	Social Responsibility — Employee Development 2023 Main Data List
B4: Labor Standards	General Disclosure	Social Responsibility — Employee Development
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Social Responsibility — Employee Development
	B4.2 Description of steps taken to eliminate such practices when discovered.	Social Responsibility — Employee Development
B5: Supply Chain Management	General Disclosure	Social Responsibility — Supply Management
	B5.1 Number of suppliers by geographical region.	Social Responsibility — Supply Management 2023 Main Data List
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social Responsibility — Supply Management

ESG KPI	Guideline Requirements	Report Section/Statement
B6: Product Responsibility	General Disclosure	Education Responsibility — Education Quality Improvement
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. The Group does not involve recalls for safety and health reasons during operation.
	B6.2 Number of products and service related complaints received and how they are dealt with.	Operational Responsibility — Privacy Protection for Students and Parents
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Operational Responsibility — Intellectual Property Protection
	B6.4 Description of quality assurance process and recall procedures.	Not applicable. The Group does not involve product quality inspection and recall during operation.
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Responsibility — Privacy Protection for Students and Parents
B7: Anti-corruption	General Disclosure	Operational Responsibility — Anti-corruption
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Operational Responsibility — Anti-corruption 2023 Main Data List
	B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Operational Responsibility — Anti-corruption
B8: Community Investment	General Disclosure	Social Responsibility — Community Support
	B8.1 Focus areas of contribution.	Social Responsibility — Community Support
	B8.2 Resources contributed to the focus area.	Social Responsibility — Community Support 2023 Main Data List

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

OPINION

We have audited the consolidated financial statements of Hope Education Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 275, which comprise the consolidated statement of financial position as at 31 August 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and an intangible asset with an indefinite useful life	
The Group recorded significant amounts of goodwill and an intangible asset with an indefinite useful life of approximately RMB2,040 million and RMB149 million, respectively, as at 31 August 2023. Management has performed an annual impairment assessment on goodwill and the intangible asset with an indefinite useful life as required by IAS 36. No impairment charge has been recorded against goodwill and the intangible asset with an indefinite useful life in the current year. Certain assumptions used in the impairment assessment were subjective and involved significant judgements and estimates in relation to growth rate, market supply and demand and the discount rate. The accounting estimates and disclosures related to the impairment assessment of goodwill and the intangible asset with an indefinite useful life are included in notes 3 and 18 to the financial statements.	Our audit procedures included the following: • Evaluated whether the cash-generating units ("CGU"), to which goodwill or the intangible asset with an indefinite useful life have been allocated for impairment testing purposes, determined by the management are in accordance with IAS 36; • Evaluated management's future cash flow forecasts, and the process by which they were drawn up; • Assessed the actual performance during the year ended 31 August 2023 against the prior year budgets to evaluate historical forecasting accuracy; • Analysed the key assumptions adopted by management, such as the growth rates of the number of students, tuition and boarding fees and expenses during the forecast periods by checking the historical trend and industry index; • Performed sensitivity analyses on the forecasts; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the Group and the discount rate used by comparing it to the industry index; and • Evaluated the adequacy of the Group's disclosures regarding impairment testing of goodwill and the intangible asset with an indefinite useful life.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of loans to third parties	
As at 31 August 2023, the principal and interest receivables (the "Debts") with gross aggregate amounts of RMB486 million arising from loans to third parties ("Debtors"), which accounted for approximately 11% of the Group's total current assets before impairment, have been past due. Management engaged independent qualified valuers to perform expected credit loss ("ECLs") analysis and concluded that an ECL allowance of RMB176 million should be recognised during the year ended 31 August 2023. The impairment assessment for the Debts is a complex process involving significant management's judgements including their evaluation of the Debtor's financial condition, the cash flows that the Group expects to receive from the sale or realisation of collaterals held by the Group to safeguard the Debts. The accounting estimates and disclosures related to the impairment assessment of the loans and interest receivables arising thereon are included in note 2.4, note 3, note 22 and note 39 to the financial statements.	Our audit procedures included the following: • Examined the Group's assessment of the third party's financial condition and ability to repay the Debts; • Discussed with management regarding the Group's actions to safeguard the Debts; • Inspected agreements and supporting documentation to confirm the existence and legal right to the collateral held by the Group; • Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management in assessing the fair value of the collaterals and the expected discounted cash flows from the collaterals; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the independent valuer in determining the fair value of the collateral and the expected future cash flows from the collaterals; and • Evaluated the adequacy of the Group's disclosures regarding the impairment assessment for the Debts and the Group's exposure to credit risk in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants

Hong Kong
30 November 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**3,581,632**	3,042,694
Cost of sales		**(1,901,450)**	(1,647,554)
Gross profit		**1,680,182**	1,395,140
Other income and gains	5	**297,913**	281,642
Selling expenses		**(287,689)**	(216,889)
Administrative expenses		**(547,555)**	(440,428)
Impairment losses on financial assets	7	**(180,700)**	—
Other expenses		**(108,378)**	(144,218)
Finance costs	6	**(349,121)**	(298,433)
Fair value gains/(losses) on convertible bonds	5	**(228,654)**	37
Share of profits/(losses) of:			
An associate		**—**	(18,927)
A joint venture	19	**29,285**	31,523
PROFIT BEFORE TAX	7	**305,283**	589,447
Income tax expense	10	**(94,514)**	(143,538)
PROFIT FOR THE YEAR		**210,769**	445,909
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		**28,940**	(14,390)
Total comprehensive income for the year		**239,709**	431,519
Profit attributable to:			
Owners of the Company		**210,099**	444,641
Non-controlling interests		**670**	1,268
		210,769	445,909

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Total comprehensive income attributable to:			
Owners of the Company		**238,628**	430,091
Non-controlling interests		**1,081**	1,428
		239,709	431,519
Earnings per share attributable to ordinary equity holders of the Company:	12		
Basic		**RMB2.60 cents**	RMB5.55 cents
Diluted		**RMB2.57 cents**	RMB5.53 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**11,024,746**	10,582,035
Right-of-use assets	14(a)	**1,934,308**	1,956,751
Interests in land held for property development	15	**735,719**	575,317
Investment properties	16	**261,419**	36,536
Goodwill	18	**2,040,254**	2,031,266
Other intangible assets	17	**1,256,563**	1,256,070
Investment in a joint venture	19	**553,665**	529,823
Prepayments, deposits and other receivables	22	**318,136**	374,112
Pledged and restricted deposits	23	**7,520**	36,193
Deferred tax assets	29	**24,520**	27,271
Contract cost assets		**3,018**	7,529
Total non-current assets		**18,159,868**	17,412,903
CURRENT ASSETS			
Trade receivables	21	**104,591**	127,124
Prepayments, deposits and other receivables	22	**669,313**	1,215,857
Amounts due from related parties	35(c)	**45,399**	551,647
Contract cost assets		**11,461**	8,217
Assets classified as held for sale	20	**390,563**	—
Pledged and restricted deposits	23	**92,488**	272,057
Cash and cash equivalents	23	**2,827,722**	2,725,264
Total current assets		**4,141,537**	4,900,166

31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
CURRENT LIABILITIES			
Contract liabilities	5	**2,123,601**	1,678,466
Trade payables	24	**48,167**	58,579
Other payables and accruals	25	**2,826,225**	3,060,806
Lease liabilities	14(b)	**33,091**	27,197
Deferred income	26	**77,956**	75,393
Convertible bonds	28	**2,183,887**	—
Interest-bearing bank and other borrowings	27	**1,638,351**	2,560,744
Amounts due to related parties	35(c)	**83,573**	543,779
Liabilities directly associated with the assets classified as held for sale	20	**228,588**	—
Tax payable		**167,542**	172,647
Total current liabilities		**9,410,981**	8,177,611
NET CURRENT LIABILITIES	2.1	**(5,269,444)**	(3,277,445)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,890,424**	14,135,458
NON-CURRENT LIABILITIES			
Other payables	25	**845,956**	885,131
Deferred income	26	**1,536,440**	1,534,814
Convertible bonds	28	**—**	1,871,914
Interest-bearing bank and other borrowings	27	**1,834,662**	1,562,915
Lease liabilities	14(b)	**116,735**	116,306
Deferred tax liabilities	29	**114,654**	114,604
Contract liabilities	5	**2,243**	1,949
Total non-current liabilities		**4,450,690**	6,087,633
NET ASSETS		**8,439,734**	8,047,825

31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**559**	545
Reserves	32	**8,438,906**	8,052,437
		8,439,465	8,052,982
Non-controlling interests		**269**	(5,157)
Total equity		**8,439,734**	8,047,825

He Shengli
Director

Wang Huiwu
Director

For the year ended 31 August 2023

	Attributable to owners of the Company									
	Issued capital RMB'000 (note 30)	Share premium* RMB'000	Capital reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Share option reserve* RMB'000 (note 31)	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 September 2021	542	5,218,954	598,468	495,863	93,291	1,453,079	(45,894)	7,814,303	(7,476)	7,806,827
Profit for the year	—	—	—	—	—	444,641	—	444,641	1,268	445,909
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(14,550)	(14,550)	160	(14,390)
Total comprehensive income for the year	—	—	—	—	—	444,641	(14,550)	430,091	1,428	431,519
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	891	891
Equity-settled share option — 2022 Share Option Scheme	—	—	—	—	26,890	—	—	26,890	—	26,890
Issue of shares upon the exercise of share options — 2018 Pre-IPO Share Option Scheme	3	57,017	—	—	(16,391)	—	—	40,629	—	40,629
Transfer from retained profits	—	—	—	86,842	—	(86,842)	—	—	—	—
Final 2021 dividend declared	—	(258,931)	—	—	—	—	—	(258,931)	—	(258,931)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2023

	Attributable to owners of the Company									
	Issued capital RMB'000 (note 30)	Share premium* RMB'000	Capital reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Share option reserve* RMB'000 (note 31)	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 August 2022 and 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 year	—	—	—	—	—	210,099	—	210,099	670	210,769
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	28,529	28,529	411	28,940
Total comprehensive income for the year	—	—	—	—	—	210,099	28,529	238,628	1,081	239,709
Acquisition of a subsidiary (note 33)	—	—	—	—	—	—	—	—	4,375	4,375
Equity-settled share option — 2022 Share Option Scheme	—	—	—	—	61,775	—	—	61,775	—	61,775
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(30)	(30)
Issue of shares upon the exercise of share options — 2022 Share Option Scheme	14	114,645	—	—	(28,579)	—	—	86,080	—	86,080
Transfer from retained profits	—	—	—	83,791	—	(83,791)	—	—	—	—
At 31 August 2023	559	5,131,685	598,468	666,496	136,986	1,937,186	(31,915)	8,439,465	269	8,439,734

* These reserve accounts comprise the consolidated reserves of RMB8,438,906,000 in the consolidated statement of financial position as at 31 August 2023 (2022: RMB8,052,437,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**305,283**	589,447
Adjustments for:			
Depreciation of items of property, plant and equipment	13	**404,041**	376,010
Depreciation of investment properties	16	**1,776**	—
Depreciation of right-of-use assets	14	**66,317**	74,034
Depreciation of land held for property development	7	**12,889**	7,672
Amortisation of contract cost assets		**13,448**	9,779
Amortisation of other intangible assets	17	**34,823**	31,283
Deferred income released to profit or loss	26	**(66,525)**	(40,368)
Interest income	5	**(66,239)**	(65,675)
Finance costs	6	**349,121**	298,433
Losses on disposal of items of property, plant and equipment, net	5,7	**2,038**	462
Gain on bargain purchase	33	**(5,498)**	(3,197)
Gain on disposal of a subsidiary		**—**	(41,963)
Gain on liquidation of a subsidiary		**(19,226)**	—
Equity-settled share option expense		**61,775**	26,890
Share of profit of a joint venture		**(29,285)**	(31,523)
Share of loss of an associate		**—**	18,927
Fair value (gains)/losses, net:			
Derivative instruments			
— transactions not qualifying as hedges		**—**	(2,817)
Convertible bonds	28	**228,654**	(37)
Impairment losses on financial assets	7	**180,700**	—
Gain on disposal of investment in a joint venture, net	5	**(7,662)**	—
Gain on lease modification		**(34)**	(154)
Foreign exchange loss, net		**54,401**	121,030
		1,520,797	1,368,233
Decrease/(increase) in prepayments, deposits and other receivables		**(87,265)**	22,447
Decrease in trade receivables		**25,663**	308
Increase in contract cost assets		**(12,063)**	(21,886)
Decrease in amounts due from related parties		**11,830**	53,665
Increase in contract liabilities		**473,301**	20,665
Increase/(decrease) in trade payables		**(10,098)**	1,600
Increase in amounts due to related parties		**489**	8,390
Increase/(decrease) in other payables and accruals		**(70,883)**	46,734
Placement of restricted cash		**(9,789)**	—
Receipt of government grants related to expense items		**17,075**	14,284

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash generated from operations		**1,859,057**	1,514,440
Bank interest received		**23,189**	14,150
Income tax paid		**(95,353)**	(119,096)
Net cash flows from operating activities		**1,786,893**	1,409,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,288,313)**	(1,739,432)
Prepaid land lease payments		**(249,256)**	(625,086)
Repayment of prepaid land lease payments		**—**	43,396
Additions to other intangible assets		**(17,294)**	(14,016)
Equity investments:			
Acquisition of subsidiaries	33	**23,348**	(147,428)
Loans to acquirees before the acquisition		**—**	(40,000)
Payments for acquisition of subsidiaries in prior years		**(27,950)**	(106,729)
Prepayments for acquisitions of equity interests		**—**	(50,511)
Proceeds from disposal of investment in a joint venture		**7,662**	—
Disposal of a subsidiary		**—**	(39,422)
Decrease/(increase) in amounts due from related parties:			
Receipts from disposal of subsidiaries		**499,000**	1,000
Loans provided to a joint venture		**(18,575)**	(79,751)
Loans repaid by joint ventures		**19,306**	88,445
Loans provided to a related party		**—**	(181,587)
Interest income received from a joint venture		**640**	765
Loans and interest repaid by a related party		**219,391**	—
Prepayments for acquisitions repaid by a related party		**50,000**	—
Loans to third parties		**(5,480)**	(45,000)
Loans repaid by third parties		**109,119**	3,001
Interest income received from an independent third party		**148,761**	564
Receipt of government grants for property, plant and equipment		**57,319**	58,331
Decrease in time deposits with original maturity of over three months		**275,400**	12,000
Increase in time deposits with original maturity of over three months		**(275,400)**	—
Investment income received from time deposits		**4,810**	—
Decrease in pledged and restricted deposits		**260,000**	8,228
Investment income received from pledged deposits		**23,520**	—
Proceeds from disposal of items of property, plant and equipment		**2,336**	716
Proceeds from disposal of items of intangible assets		**598**	—
Net cash flows used in investing activities		**(181,058)**	(2,852,516)

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		2,878,656	2,784,640
Repayment of bank and other borrowings		(3,599,182)	(2,372,666)
Interest paid		(238,318)	(194,554)
Dividends paid		—	(258,931)
Dividends paid to a former shareholder of subsidiaries		—	(8,441)
Principal portion of lease payments		(22,733)	(18,451)
Interest portion of lease liabilities		(9,981)	(9,508)
Receipts of loan deposits		2,600	—
Proceeds from issue of shares from exercise of share options		86,080	40,629
Loans from a related party		—	463,093
Repayment of loans from related parties		(472,891)	(389,982)
Security deposits paid for other borrowings		(66,271)	(21,150)
Repurchase of convertible bonds		—	(140,698)
Capital contribution by non-controlling shareholders		—	891
Repayment of other loans recorded in other payables		(64,967)	(43,922)
Net cash flows used in financing activities		(1,507,007)	(169,050)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		98,828	(1,612,072)
Cash and cash equivalents at beginning of year		2,725,264	4,345,287
Effect of foreign exchange rate changes, net		54,022	(7,951)
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,878,114	2,725,264
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	23	2,827,722	2,725,264
Cash attributable to subsidiaries classified as held for sale	20	50,392	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		2,878,114	2,725,264

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the year ended 31 August 2023, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of higher education and secondary vocational education services in the People's Republic of China (the "PRC") and Malaysia. There were no significant changes in the nature of the Group's principal activities during the year.

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

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/registered share capital	Principal activities
Directly owned by the Company:			
Hope Education Group (Hong Kong) Co., Ltd. 希望教育集團（香港）有限公司	10 March 2017 The PRC/Hong Kong	HK$1	Investment holding
Indirectly owned by the Company:			
Horgos Tequ Mayflower Information Technology Co., Ltd. ("WFOE") 霍爾果斯特驅五月花信息科技有限公司[(i)]	19 January 2018 The PRC/Mainland China	RMB50 million	Provision of technical management and consultancy services
Sichuan Hope Education Industry Group Limited ("Hope Education") 四川希望教育產業集團有限公司[(ii)(iii)]	12 January 2005 The PRC/Mainland China	RMB52.5 million	Investment holding
Meishan Tequ Mayflower Information Technology (Group) Co., Ltd. ("Meishan Mayflower") 眉山特驅五月花信息科技（集團）有限公司[(i)]	7 December 2020 The PRC/Mainland China	US$10 million	Investment holding
Chongqing Chaoyingfei Trading Co., Ltd. 重慶超營飛商貿有限公司[(iii)]	28 April 2021 The PRC/Mainland China	RMB2 million	Sale of textbooks and dormitory bedding
Southwest Jiaotong University Hope College 西南交通大學希望學院[(ii)]	16 July 2009 The PRC/Mainland China	RMB300 million	(a)
College of Guizhou Qiannan Economics 貴州黔南經濟學院[(ii)]	18 January 2004 The PRC/Mainland China	RMB50 million	(a)

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/registered share capital	Principal activities
Indirectly owned by the Company: (continued)			
Jinci College of Shanxi Medical University 山西醫科大學晉祠學院(ii)	17 June 2002 The PRC/Mainland China	RMB180 million	(a)
Sichuan Vocational College of Culture & Communication 四川文化傳媒職業學院(ii)	22 September 2005 The PRC/Mainland China	RMB20 million	(a)
Sichuan Tianyi College 民辦四川天一學院(ii)	14 March 1994 The PRC/Mainland China	RMB23.3 million	(a)
Guizhou Vocational Institute of Technology 貴州應用技術職業學院(ii)	12 June 2016 The PRC/Mainland China	RMB20 million	(a)
Sichuan Hope Automotive Technician School 四川希望汽車技師學院(ii)	4 November 2016 The PRC/Mainland China	RMB20 million	Provision of technician education services
Sichuan Hope Automotive Vocational College 四川希望汽車職業學院(ii)	24 June 2013 The PRC/Mainland China	RMB20 million	(a)
Sichuan TOP IT Vocational Institute 四川托普信息技術職業學院(ii)	22 April 2000 The PRC/Mainland China	RMB5 million	(a)
Suzhou Top Institute of Information Technology ("Suzhou Top Institute") 蘇州托普信息職業技術學院(ii)	2 July 2003 The PRC/Mainland China	RMB5 million	(a)
Hebi Automotive Engineering Professional College ("Hebi Automotive") 鶴壁汽車工程職業學院(ii)	8 September 2011 The PRC/Mainland China	RMB45 million	(a)

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/registered share capital	Principal activities
Indirectly owned by the Company: (continued)			
Yinchuan University of Energy 銀川能源學院(ii)	24 August 2001 The PRC/Mainland China	RMB191.3 million	(a)
Yinchuan Vocational School of Science and Technology 銀川科技職業學校(ii)	26 October 2017 The PRC/Mainland China	Nil	Provision of secondary vocational education services
Guizhou Qiannan College of Science and Technology ("College of Science and Technology") 貴州黔南科技學院(ii)	10 June 2015 The PRC/Mainland China	RMB200 million	(a)
Nanchang Vocational Institute of Film and Television Communication ("Nanchang Vocational Institute") 南昌影視傳播職業學院(ii)	17 August 2014 The PRC/Mainland China	RMB60 million	(a)
Jinken College of Technology ("Jinken College") 金肯職業技術學院(ii)	18 July 2000 The PRC/Mainland China	RMB26 million	(a)
Pioneer College, Inner Mongolia University ("Pioneer College") 內蒙古大學創業學院(ii)	2 June 2008 The PRC/Mainland China	RMB335.7 million	(a)
Xi'an Siyuan University ("Shaanxi University") 西安思源學院(ii)	13 May 2003 The PRC/Mainland China	RMB190.8 million	(a)
Hope International (Malaysia) Sdn. Bhd.(iv)	9 March 2020 Malaysia	RM20,000	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/registered share capital	Principal activities
Indirectly owned by the Company: (continued)			
INTI International Education Sdn. Bhd. ("INTI International University")	28 December 1994 Malaysia	RM20 million	(a)
INTI Instruments (M) Sdn. Bhd. ("INTI International College Subang")	13 February 1995 Malaysia	RM20 million	(a)
INTI International College Penang Sdn. Bhd. ("INTI International College Penang")	6 March 2000 Malaysia	RM6 million	(a)
Global Advance Learning (Thailand) Company Limited(v)	17 March 2021 Thailand	THB100 thousand	Investment holding
Metharath University	27 December 1999 Thailand	THB2,500 million	(a)
Guilin Shanshui Vocational College 桂林山水職業學院(ii)(vi)	10 November 2003 The PRC/Mainland China	RMB15 million	(a)
Wekerle Sandor Business School	25 November 2006 Hungary	Nil	(a)

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Notes:

(a) Provision of higher education services

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

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

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

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

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

(vi) These subsidiaries are wholly-owned by the Company, except for Guilin Shanshui Vocational College pertaining to which the Company indirectly holds 80% interests in its sponsor right.

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for convertible bonds which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

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

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

Going concern

As at 31 August 2023, the Group recorded net current liabilities of approximately RMB5,269,444,000 (2022: RMB3,277,445,000). Included therein, the Group recorded the current portion of contract liabilities and deferred income of RMB2,123,601,000 (2022: RMB1,678,466,000) and RMB77,956,000 (2022: RMB75,393,000), respectively. Meanwhile, the Group had cash and cash equivalents of RMB2,827,722,000 as at 31 August 2023 (2022: RMB2,725,264,000).

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

(a) Based on the arrangements and confirmations received from the licensed banks in Mainland China, the Group has undrawn banking facilities of RMB1,188,000,000 available for drawdown within 1 to 5 years from 31 August 2023;

2.1 BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

(b) According to the approval document issued by the National Development and Reform Commission with the index of 發改辦外債[2023]113號 dated 26 May 2023, the Group is authorised to issue overseas debts aggregating to USD125,000,000 (equivalent to approximately RMB897,638,000);

(c) Based on the arrangements and registration in the National Association of Financial Market Institution Investors ("NAFMII", "中國銀行間交易市場商協會") with the index of 中市協注[2023]ABN63號 dated 13 July 2023, the Group is authorised to issue the asset-based notes ("ABN") of RMB970,000,000 within 2 years since 13 July 2023; and

(d) The Group expects cash inflows from operations of providing education services to students.

Having considered the above unutilised bank and other facilities and cash inflows from the Group's 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.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 September 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 September 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 September 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 September 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,6]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[7]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,5]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[2]
Amendments to IAS 21	*Lack of Exchangeability*[3]
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after 1 January 2025

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

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

7 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and a joint venture

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

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

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

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

Business combinations and goodwill

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

Fair value measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

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

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

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

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

Interests in land held for property development

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

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

Investment properties located in the PRC are interest in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost and depreciated on the straight-line basis over the useful lives of 22 to 58 years.

Investment properties are derecognised when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal.

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

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

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

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

Software

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

Licences to operate undergraduate institutions

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

Leases

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee

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

(a) Right-of-use assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor — operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

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

(i) significant financial difficulties of the debtor;

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

General approach *(continued)*

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

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

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

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

Simplified approach

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Convertible bonds

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

The convertible bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial liability arising from the put option granted to a shareholder

Put option granted to a shareholder is accounted for as a financial liability and is recognised initially at fair value and subsequently measured at amortised cost until the expiry of the option or extinguished on redemption. The fair value of the put option granted to a shareholder is determined at the present value of the equity redemption amount determined by an independent qualified valuer.

The Company will assess the expected redemption amount periodically (each half year) and any changes resulting from the expected redemption amount in the IFRS 9 financial liability of put option subsequent to initial recognition are recognised in profit or loss.

If the option expires without redemption, the carrying amount of the financial liabilities is reclassified to equity.

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

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

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

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

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

Sale of goods

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Other income

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

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

Contract liabilities

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

Contract costs

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

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

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

(c) The costs are expected to be recovered.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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

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

Other employee benefits

Pension schemes

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

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

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

Housing fund

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

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

Dividends

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and the liabilities of these entities are translated into RMB at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Structured Contracts

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through the Consolidated Affiliated Entities. The WFOE, a wholly-owned subsidiary of the Company, has entered into the Structured Contracts with, among others, the Consolidated Affiliated Entities and their respective equity holders. The Structured Contracts enable the WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities.

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

Income tax

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether certain schools of the Group which are exempted from tax are subject to corporate income tax in respect of income from the provision of formal education services. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available causing the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact the tax expense in the period when such determination is made. Further details of income tax are set out in note 10 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Impairment of goodwill and intangible asset with indefinite useful life

The Group determines whether goodwill and intangible asset with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible asset with indefinite useful life at 31 August 2023 were RMB2,040,254,000 and RMB149,031,000, respectively (2022: RMB2,031,266,000 and RMB147,934,000, respectively). Further details are given in note 18 to the financial statements.

Impairment of non-financial assets (other than goodwill and intangible asset with indefinite useful life)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end the year. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the year based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Provision for expected credit losses on other receivables

The Group takes into account qualitative and quantitative reasonable and supportable forward-looking information of forecast economic conditions when assessing the provision for expected credit losses on other receivables. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's forecast of economic conditions might not be representative of the actual default in the future. The information about the ECLs on the Group's other receivables is disclosed in note 22 to the financial statements.

Fair value measurement of convertible bonds

Convertible bonds amounting to RMB2,183,887,000 as at 31 August 2023 (2022: RMB1,871,914,000) are measured at fair value with fair values being determined based on unobservable inputs, including expected volatility of share price and discount rate, using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of convertible bonds. Further disclosures of the convertible bonds are set out in note 28 to the financial statements.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Purchase price allocation of a business combination

The purchase price allocation of the Group's business combinations, as detailed in note 33 to the financial statements, requires the determination of fair values of the identifiable assets acquired and liabilities assumed. The net assets acquired, include amongst others, property, plant and equipment, right-of-use assets and other intangible assets, of which their fair values are dependent on a range of estimates including estimated future cash flows and discount rate. Given the uncertainties in the estimation, the actual outcomes may be higher or lower than the estimated fair values of these items as at the date of acquisition. Where the actual outcomes of these items are different from the amounts initially recorded, such differences may impact the future financial results.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical areas and has three reportable operating segments as follows:

(a) The domestic education segment provides higher and vocational education services in the PRC;

(b) The global education segment provides higher education services outside the PRC; and

(c) The "other" segment comprises the investment and development of properties located in Mainland China.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, foreign exchange differences, non-lease-related finance costs, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and pledged and restricted deposits as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), amounts due to related parties and convertible bonds as these liabilities are managed on a group basis.

For the year ended 31 August 2023

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment revenue (note 5)				
Revenue from external customers	3,230,475	351,157	—	3,581,632
Intersegment sales	4,630	11,573	—	16,203
	3,235,105	362,730	—	3,597,835
Reconciliation:				
Elimination of intersegment sales				(16,203)
Revenue from external customers				3,581,632

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 August 2023 *(continued)*

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment results	867,885	53,315	(21,819)	899,381
Reconciliation:				
Interest income				66,239
Foreign exchange differences, net				(55,014)
Fair value change from convertible bonds				(228,654)
Non-lease-related finance costs				(339,140)
Unallocated corporate expenses				(37,529)
Profit before tax				305,283
Segment assets	16,992,472	1,370,484	1,038,669	19,401,625
Reconciliation:				
Elimination of intersegment receivables				(27,950)
Pledged and restricted deposits				100,008
Cash and cash equivalents				2,827,722
Total assets				22,301,405
Segment liabilities	7,859,960	370,735	1,512	8,232,207
Reconciliation:				
Elimination of intersegment payables				(27,950)
Interest-bearing bank and other borrowings				3,473,013
Amounts due to related parties				514
Convertible bonds				2,183,887
Total liabilities				13,861,671
Other segment information				
Share of profit of:				
A Joint venture	29,285	—	—	29,285
Impairment losses on financial assets	180,700	—	—	180,700
Depreciation and amortisation	472,418	32,763	14,665	519,846
Share-based payment expense	60,211	1,564	—	61,775
Investment in a joint venture	553,665	—	—	553,665
Capital expenditure*	1,053,867	16,658	381,472	1,451,997

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 August 2022

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment revenue (note 5)				
Revenue from external customers	2,695,783	346,911	—	3,042,694
Segment results	915,983	68,040	(10,146)	973,877
Reconciliation:				
Interest income				65,675
Foreign exchange differences, net				(133,958)
Fair value change from convertible bonds				37
Non-lease-related finance costs				(288,925)
Unallocated corporate expenses				(27,259)
Profit before tax				589,447
Segment assets	17,248,514	1,322,986	708,055	19,279,555
Reconciliation:				
Pledged and restricted deposits				308,250
Cash and cash equivalents				2,725,264
Total assets				22,313,069
Segment liabilities	7,434,705	351,005	82,538	7,868,248
Reconciliation:				
Interest-bearing bank and other borrowings				4,123,659
Amounts due to related parties				401,423
Convertible bonds				1,871,914
Total liabilities				14,265,244
Other segment information				
Share of profits and losses of:				
An associate	(18,927)	—	—	(18,927)
Joint ventures	31,523	—	—	31,523
Depreciation and amortisation	451,774	29,553	7,672	488,999
Share-based payment expense	26,210	680	—	26,890
Investments in a joint venture	529,823	—	—	529,823
Capital expenditure*	2,814,456	217,374	353,089	3,384,919

* Capital expenditure consists of additions to property, plant and equipment, investment properties, interests in land held for property development and intangible assets including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

	2023 RMB'000	2022 RMB'000
Domestic* — Mainland China	**3,230,475**	2,695,783
Overseas — Malaysia, Thailand and Hungary	**351,157**	346,911
	3,581,632	3,042,694

The revenue information above is based on the locations of the customers.

* The place of domicile of the Group's principal operating subsidiaries is Mainland China.

(b) *Non-current assets*

	2023 RMB'000	2022 RMB'000
Domestic — Mainland China	**16,779,655**	16,126,310
Overseas — Malaysia, Thailand and Hungary	**1,242,756**	1,223,129
	18,022,411	17,349,439

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of any segments during the years ended 31 August 2023 and 2022.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	3,581,632	3,042,694

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

For the year ended 31 August 2023

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		2,733,142	320,725	3,053,867
Boarding fees		284,576	9,340	293,916
Sales of books and daily necessities		57,087	—	57,087
Others	(i)	155,670	21,092	176,762
Total revenue from contracts with customers		3,230,475	351,157	3,581,632
Timing of revenue recognition				
Services transferred over time		3,173,388	351,157	3,524,545
Goods transferred at a point in time		57,087	—	57,087
Total revenue from contracts with customers		3,230,475	351,157	3,581,632

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

Revenue *(continued)*

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

For the year ended 31 August 2022

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		2,226,475	323,944	2,550,419
Boarding fees		219,978	3,395	223,373
Sales of books and daily necessities		54,289	—	54,289
Others	(i)	195,041	19,572	214,613
Total revenue from contracts with customers		2,695,783	346,911	3,042,694
Timing of revenue recognition				
Services transferred over time		2,641,494	346,911	2,988,405
Goods transferred at a point in time		54,289	—	54,289
Total revenue from contracts with customers		2,695,783	346,911	3,042,694

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

Revenue *(continued)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of education services

The performance obligations of the services are satisfied over time as the services are rendered in each academic year or training period and advances are required before rendering the services.

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment in advance is normally required.

Changes in contract liabilities during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at beginning of year	**1,680,415**	1,486,924
Additions from acquisition of subsidiaries (note 33)	**20,083**	176,024
Revenue recognised that was included in the contract liabilities at beginning of year	**(1,676,752)**	(1,458,968)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	**(20,083)**	(175,945)
Increase due to cash received, excluding amounts recognised as revenue during the year	**2,170,136**	1,653,648
Classified as held for sale	**(50,324)**	—
Exchange realignment	**2,369**	(1,268)
Carrying amount at end of year	**2,125,844**	1,680,415
Amounts expected to be recognised as revenue:		
Within one year	**2,123,601**	1,678,466
After one year	**2,243**	1,949
Carrying amount at end of year	**2,125,844**	1,680,415

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

Revenue *(continued)*

(b) Performance obligations *(continued)*

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered.

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to tuition fees received in advance, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

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

Other income and gains

An analysis of other income and gains is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Other income			
Bank interest income		**29,797**	22,283
Interest income from loans to related parties	35(b)(i)	**36,442**	754
Interest income from loans to independent third parties		**—**	42,638
Total interest income		**66,239**	65,675
Deferred income released to profit or loss:	26		
— related to assets		**49,381**	30,974
— related to expenses		**17,144**	9,394
Government grants received	(i)	**12,851**	14,254
Rental income		**15,895**	10,348
Service income	(ii)	**62,223**	66,772
Donation income		**2,214**	—
Others		**38,786**	35,594
		264,733	233,011
Gains			
Gain on disposal of items of property, plant and equipment		**760**	500
Gain on lease modification		**34**	154
Gain on disposal of a subsidiary		**—**	41,963
Gain on liquidation of a subsidiary	(iii)	**19,226**	—
Gain on disposal of investment in a joint venture, net		**7,662**	—
Fair value gain on derivative instruments			
— transactions not qualifying as hedges		**—**	2,817
Gain on bargain purchase	33	**5,498**	3,197
		33,180	48,631
Total other income and gains		**297,913**	281,642
Fair value gains/(losses) on convertible bonds	28	**(228,654)**	37

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

Other income and gains *(continued)*

Notes:

(i) Government grants received represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income in profit or loss when received. There were no unfulfilled conditions or contingencies relating to these grants.

(ii) During the years ended 31 August 2023 and 2022, service income mainly represented income derived from granting the rights of canteen and convenient store operations to operators and income from services provided to the students related to the introduction of internship and studying abroad.

(iii) On 25 April 2022, the Group received the order for winding-up of INTI International College Kuala Lumpur Sdn. Bhd. ("IICKL") by the court and on 27 October 2022, the creditors of IICKL reached an agreement to appoint the official liquidator to continue the winding-up process. The Group deconsolidated IICKL on appointment of the official liquidator as the power making rights has passed on to the official liquidator who will take control over assets of IICKL and making decision on assets distributions. The Group recognised the gain on liquidation of IICKL mainly due to the net liabilities of IICKL arising from the un-settled rental payables to third parties.

6. FINANCE COSTS

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

	2023 RMB'000	2022 RMB'000
Interest on bank loans and other borrowings	**313,885**	250,932
Less: Interest capitalised	**(22,322)**	(14,224)
Net of interest capitalised	**291,563**	236,708
Increase in the discounted amounts of payables arising from the passage of time	**47,577**	52,217
Interest on lease liabilities	**9,981**	9,508
	349,121	298,433
Capitalisation rate of borrowing costs capitalised	**7.63%**	7.08%

7. PROFIT BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided		**1,901,450**	1,647,554
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**1,127,557**	948,070
Equity-settled share option expense		**61,775**	26,890
Pension scheme contributions (defined contribution schemes)*		**208,555**	179,172
		1,397,887	1,154,132
Management fees	(i)	**109,472**	168,865
Depreciation of property, plant and equipment	13	**404,041**	376,010
Depreciation of right-of-use assets**	14(a)	**66,317**	74,034
Depreciation of land held for property development		**12,889**	7,672
Depreciation of investment properties	16	**1,776**	—
Amortisation of other intangible assets	17	**34,823**	31,283
Gain on disposal of a subsidiary		**—**	(41,963)
Gain on liquidation of a subsidiary		**(19,226)**	—
Gain on bargain purchase^	33	**(5,498)**	(3,197)
Lease payments not included in the measurement of lease liabilities	14(c)	**15,479**	18,007
Foreign exchange differences, net		**(28,305)**	13,545
Auditors' remuneration		**7,750**	7,850
Fair value gain on derivative instruments — transactions not qualifying as hedges		**—**	(2,817)
Losses on disposal of items of property, plant and equipment and intangible assets		**2,798**	962
Impairment loss on prepayments, deposits and other receivables	22	**180,700**	—
Gain on lease modification, net	14(a)	**(34)**	(154)

7. PROFIT BEFORE TAX *(continued)*

Note:

(i) Management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** During the year, the amounts of depreciation of right-of-use assets of RMB66,317,000 (2022: RMB74,034,000) and RMB542,000 (2022: RMB3,287,000) were recognised in profit or loss and capitalised as addition to construction in progress, respectively.

^ Gain on bargain purchase is included in "Other income and gains" in profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 **RMB'000**	2022 RMB'000
Fees	**2,613**	2,480
Other emoluments:		
Equity-settled share option expense	**2,520**	1,098
Pension scheme contributions	**72**	71
	2,592	1,169
	5,205	3,649

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

During the year and in the prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023	2022
	RMB'000	RMB'000
Mr. Zhang Jin	**151**	120
Mr. Chen Yunhua(i)	**47**	120
Mr. Gao Hao(i)	**47**	120
Mr. Liu Zhonghui(i)	**104**	—
Mr. Xiang Chuan(i)	**104**	—
	453	360

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, non-executive directors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 August 2023					
Executive directors:					
Mr. Wang Huiwu(ii)	**1,235**	**—**	**—**	**36**	**1,271**
Mr. Xu Changjun	**493**	**—**	**504**	**—**	**997**
Mr. Li Tao	**432**	**—**	**503**	**36**	**971**
	2,160	**—**	**1,007**	**72**	**3,239**
Non-executive directors:					
Mr. He Shengli	**—**	**—**	**1,009**	**—**	**1,009**
Mr. Lu Zhichao	**—**	**—**	**—**	**—**	**—**
Mr. Tang Jianyuan	**—**	**—**	**504**	**—**	**504**
	—	**—**	**1,513**	**—**	**1,513**
	2,160	**—**	**2,520**	**72**	**4,752**
Year ended 31 August 2022					
Executive directors:					
Mr. Wang Huiwu(ii)	1,260	—	—	36	1,296
Mr. Xu Changjun	459	—	220	—	679
Mr. Li Tao	401	—	219	35	655
	2,120	—	439	71	2,630
Non-executive directors:					
Mr. He Shengli	—	—	439	—	439
Mr. Lu Zhichao	—	—	—	—	—
Mr. Tang Jianyuan	—	—	220	—	220
	—	—	659	—	659
	2,120	—	1,098	71	3,289

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

Notes:

(i) On 1 January 2023, Mr. Chen Yunhua and Mr. Gao Hao resigned as independent non-executive directors and Mr. Liu Zhonghui and Mr. Xiang Chuan were appointed as independent non-executive directors of the Company.

(ii) Mr. Wang Huiwu is also the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees are detailed as follows:

	Number of employees	
	2023	2022
Director	**2**	2
Non-director	**4**	3
	6	5

Two employees tied for the 5th.

Details of directors' and chief executive's remuneration are set out in note 8 above. Details of the remaining highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2023	2022
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**12,245**	9,770
Equity-settled share option expense	**7,162**	2,239
Pension scheme contributions	**130**	107
	19,537	12,116

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

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

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**—**	1
HK$5,000,001 to HK$5,500,000	**1**	—
HK$9,500,001 to HK$10,000,000	**—**	1
HK$12,500,001 to HK$13,000,000	**1**	—
	4	3

During the prior year, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

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

Hope Education Group (Hong Kong) Co., Ltd., a subsidiary incorporated in Hong Kong, is subject to income tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

10. INCOME TAX *(continued)*

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

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

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

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

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

	2023 **RMB'000**	2022 RMB'000
Current — Mainland China		
Corporate income tax for the year	**76,495**	119,415
Overprovision/(underprovision) in prior years, net	**(115)**	5,408
Current — Malaysia		
Corporate income tax for the year	**16,213**	14,204
Overprovision in prior years, net	**(171)**	(629)
Deferred (note 29)	**2,092**	5,140
Total tax charged for the year	**94,514**	143,538

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions/countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Profit before tax		**305,283**	589,447
Less: Losses from companies incorporated in the Cayman Islands*		**139,342**	168,327
Profit before tax by the Group other than companies incorporated in the Cayman Islands		**444,625**	757,774
Tax/(notional tax) at the respective statutory tax rates:			
— PRC subsidiaries, at 25%		**92,268**	167,471
— Hong Kong subsidiary, at 16.5%		**1,703**	2,935
— Malaysia subsidiaries, at 24%		**15,853**	14,482
— Thailand subsidiaries, at 20%		**1,230**	1,952
— Hungary subsidiary, at 9%		**(628)**	—
Lower tax rate for specific provinces or enacted by local authorities	(a)	**(27,686)**	(32,827)
Profits not subject to tax	(b)	**(81,093)**	(44,454)
Profits attributable to an associate and a joint venture		**(7,321)**	(3,149)
Adjustments in respect of current tax of previous years		**(286)**	4,779
Tax losses utilised from previous years		**(849)**	(646)
Tax losses and deductible temporary difference not recognised		**81,108**	31,534
Withholding tax**		**18,644**	1,461
Others		**1,571**	—
Tax charge at the Group's effective rate		**94,514**	143,538

* The losses from the Company and Tequ Mayflower Limited during the year mainly consisted of fair value losses on convertible bonds and foreign exchange losses, which are not tax deductible pursuant to the rules and regulations of the Cayman Islands.

** The Group paid withholding tax regarding the intercompany interest income received by the Company from subsidiaries located in Mainland China at the rate of 10%.

10. INCOME TAX *(continued)*

Notes:

(a) According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain subsidiaries that are located in Sichuan Province and engaged in the encouraged business are entitled to a preferential CIT rate of 15%. The WFOE was established in Horgos, Xinjiang, the PRC and is exempted from income tax for the first five years since 2018 in accordance with the preferential tax rules. Therefore, the WFOE will be subject to PRC corporate income tax at a rate of 25% after 2023.

(b) According to the decision (the "2016 Decision") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law (《全國人民代表大會常務委員會關於修改〈中華人民共和國民辦教育促進法〉的決定》), which was promulgated on 7 November 2016, and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

As at the date of approval of these financial statements, except for two schools which were incorporated as non-profit private schools, the PRC Schools are in the process of classification registrations and remain as private non-enterprise units.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's opinion on the preferential tax treatments for the current year, the PRC Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments during the year. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax at a statutory rate of 25% in respect of income from the provision of formal educational services, if they do not enjoy any preferential tax treatment.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, all of the Group's non-school subsidiaries established in the PRC are subject to PRC corporate income tax at a rate of 25% during the year, except the WFOE and those subsidiaries which are mentioned above.

11. DIVIDENDS

At the meeting of the board of directors held on 30 November 2023, the Directors resolved not to pay any dividend for the year ended 31 August 2023 (2022: Nil).

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

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

	2023 RMB'000	2022 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	210,099	444,641

	Notes	Number of shares 2023	 2022
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation	(i)	8,080,291,292	8,017,046,404
Effect of dilution — weighted average number of ordinary shares:	(ii)		
Share options — 2018 Pre-IPO Share Option Scheme	(iii)	—	17,450,381
Share options — 2022 Share Option Scheme		89,796,542	—
Weighted average number of ordinary shares used in the diluted earnings per share calculation		8,170,087,834	8,034,496,785

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

Notes:

(i) The weighted average number of 8,080,291,292 ordinary shares was in issue during the year (2022: 8,017,046,404 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 year 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 year.

(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 RMB311,973,000 (2022: RMB119,723,000) and the weighted average number of ordinary shares would increase by 634,545,925 (2022: 634,545,925), and had an anti-dilutive effect on the basic earnings per share for the years ended 31 August 2023 and 2022 and thus was ignored in the calculation of diluted earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2023							
At 1 September 2022:							
Cost	158,345	9,279,261	669,451	34,727	671,681	1,354,565	12,168,030
Accumulated depreciation and impairment	—	(785,902)	(360,509)	(20,734)	(418,850)	—	(1,585,995)
Net carrying amount	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
At 1 September 2022, net of accumulated depreciation and impairment	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
Additions	—	23,709	89,174	3,703	123,327	733,119	973,032
Acquisition of subsidiaries (note 33)	—	55,122	5,451	226	893	—	61,692
Disposals	—	(1,013)	(1,085)	(423)	(1,961)	—	(4,482)
Transferred to assets held for sale	—	(167,916)	(9,610)	(330)	(10,430)	(1,469)	(189,755)
Transferred to investment properties	—	(12,503)	—	—	—	(3,724)	(16,227)
Depreciation provided during the year (note 7)	—	(206,261)	(99,332)	(4,373)	(94,075)	—	(404,041)
Depreciation capitalised (note 14)	—	—	—	—	—	542	542
Transfers	—	782,975	5,374	—	6,252	(794,601)	—
Exchange realignment	7,184	14,292	260	46	157	11	21,950
At 31 August 2023, net of accumulated depreciation and impairment	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746
At 31 August 2023:							
Cost	165,529	9,965,749	748,660	36,536	777,938	1,288,443	12,982,855
Accumulated depreciation and impairment	—	(983,985)	(449,486)	(23,694)	(500,944)	—	(1,958,109)
Net carrying amount	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2022							
At 1 September 2021:							
Cost	90,799	7,401,080	527,132	26,488	508,076	1,086,802	9,640,377
Accumulated depreciation and impairment	—	(602,946)	(271,411)	(16,111)	(323,937)	—	(1,214,405)
Net carrying amount	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
At 1 September 2021, net of accumulated depreciation and impairment	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
Additions	—	163,499	102,054	4,989	95,399	1,335,805	1,701,746
Acquisition of subsidiaries	70,362	657,757	39,304	3,472	66,995	800	838,690
Disposals	—	(150)	(204)	(138)	(97)	(589)	(1,178)
Disposal of a subsidiary	—	—	—	—	(15)	—	(15)
Depreciation provided during the year (note 7)	—	(183,862)	(90,609)	(4,687)	(96,852)	—	(376,010)
Depreciation capitalised (note 14)	—	—	—	—	—	3,287	3,287
Transfers	—	1,065,246	2,838	—	3,453	(1,071,537)	—
Exchange realignment	(2,816)	(7,265)	(162)	(20)	(191)	(3)	(10,457)
At 31 August 2022, net of accumulated depreciation and impairment	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
At 31 August 2022:							
Cost	158,345	9,279,261	669,451	34,727	671,681	1,354,565	12,168,030
Accumulated depreciation and impairment	—	(785,902)	(360,509)	(20,734)	(418,850)	—	(1,585,995)
Net carrying amount	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035

Notes:

(a) As at 31 August 2023, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB2,472,990,000 (2022: RMB1,965,261,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) As at 31 August 2023, certain of the Group's property, plant and equipment with a net carrying amount of RMB11,589,000 (2022: RMB301,790,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, school campuses, dormitories and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the governments with lease periods of 20 to 900 years, and no ongoing payments will be made under the terms of these land leases. Leases of dormitories generally have lease terms between 11 and 12 years, while motor vehicles generally have lease terms within 2 years and equipment has lease terms of 4 years. Leases of school campuses generally have lease terms from 2 to 26 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2022	1,862,927	71,064	21,488	9	1,263	1,956,751
Additions	45,847	—	9,065	—	—	54,912
Acquisition of subsidiaries (note 33)	14,640	—	17,458	—	—	32,098
Depreciation charged to profit or loss during the year (note 7)	(47,221)	(13,057)	(5,536)	(9)	(494)	(66,317)
Depreciation capitalised	(542)	—	—	—	—	(542)
Transferred to assets held for sale	(45,293)	—	—	—	—	(45,293)
Lease modification	—	—	(153)	—	—	(153)
Exchange realignment	194	—	2,646	—	12	2,852
As at 31 August 2023	1,830,552	58,007	44,968	—	781	1,934,308

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(a) ***Right-of-use assets*** *(continued)*

	Leasehold payments RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2021	1,279,529	85,070	39,037	72	1,704	1,405,412
Additions	407,525	—	1,399	—	53	408,977
Acquisition of subsidiaries	220,257	—	—	—	—	220,257
Depreciation charged to profit or loss during the year	(40,885)	(12,846)	(19,762)	(63)	(478)	(74,034)
Depreciation capitalised	(3,287)	—	—	—	—	(3,287)
Lease modification	—	(1,159)	971	—	—	(188)
Exchange realignment	(212)	(1)	(157)	—	(16)	(386)
As at 31 August 2022	1,862,927	71,064	21,488	9	1,263	1,956,751

Note:

(i) As at 31 August 2023, the Group's leasehold land with a net carrying amount of approximately RMB16,121,000 (2022: RMB29,901,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at beginning of year	**143,503**	171,395
New leases	**9,065**	1,451
Acquisition of subsidiaries (note 33)	**17,458**	6,969
Accretion of interest recognised during the year	**9,981**	9,508
Lease modification	**(187)**	(342)
Payments	**(32,714)**	(27,959)
Reclassification of IICKL lease liabilities to other payables (note (ii))	**—**	(17,005)
Exchange realignment	**2,720**	(514)
Carrying amount at end of the year	**149,826**	143,503
Analysed into:		
Current portion	**33,091**	27,197
Non-current portion	**116,735**	116,306

Notes:

(i) The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

(ii) The reclassification is due to the statutory demand letter received by IICKL from certain lessors after IICKL has passed a resolution to close down IICKL effective from 30 June 2022 on 30 April 2021. IICKL is obliged to settle the remaining lease payments made up of rental in arrears and interest charges payable from October 2021 to December 2021 and full rent for the remaining lease period up till 31 October 2024.

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	9,981	9,508
Depreciation charge on right-of-use assets	66,317	74,034
Expense relating to short-term leases (included in cost of sales and administrative expenses) (note 7)	15,479	18,007
Gain on lease modification	(34)	(154)
Total amount recognised in profit or loss	91,743	101,395

(d) The total cash outflow for leases is disclosed in note 36(c) to the financial statements.

The Group as a lessor

The Group leased certain schools' spaces and buildings under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB15,895,000 (2022: RMB10,348,000), details of which are included in note 5 to the financial statements.

At 31 August 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	29,357	21,723
After one year but within two years	10,328	18,123
After two years but within three years	3,892	1,592
After three years but within four years	2,384	621
After four years but within five years	593	483
After five years	2,197	5,732
	48,751	48,274

15. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

	2023 RMB'000	2022 RMB'000
Carrying amount at beginning of the year	**575,317**	142,592
Additions	**173,291**	440,397
Depreciation charged to profit or loss during the year (note 7)	**(12,889)**	(7,672)
Carrying amount at end of the year	**735,719**	575,317

The Group's interests in land use rights for property development were in respect of prepayments for the rights to use certain pieces of land situated in Mainland China over fixed periods and held under leases with terms of 40 to 70 years.

16. INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
Net carrying amount as at 1 September	**36,536**	36,817
Additions	**210,161**	—
Transferred from property, plant and equipment	**16,227**	—
Depreciation provided during the year (note 7)	**(1,776)**	—
Exchange realignment	**271**	(281)
Net carrying amount as at 31 August	**261,419**	36,536

The Group's investment properties consist of three commercial properties in Mainland China owned by the "PRC Schools" and freehold land in Malaysia owned by INTI Group. As at 31 August 2023, the fair value of the investment properties was estimated to be approximately RMB294,582,000 (2022: RMB39,000,000) consistent with the valuation performed by independent professionally qualified valuers. Selection criteria of the external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

16. INVESTMENT PROPERTIES *(continued)*

The valuation of freehold land in Malaysia was determined using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre. The valuation of three commercial properties in Mainland China was determined using the discounted cash flow method. The most important input for this valuation method is the annual rent and the discount rate. The fair value measurement hierarchy of the investment properties requires certain significant unobservable inputs (Level 3). During the year, there were no transfers into or out of Level 3 (2022: Nil).

The investment properties in Mainland China are leased under operating leases, further summary details of which are included in note 14 to the financial statements.

17. OTHER INTANGIBLE ASSETS

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangement to operate independent college RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2023					
Cost at 1 September 2022, net of accumulated amortisation	147,934	62,652	6,963	1,038,521	1,256,070
Additions	—	35,246	—	—	35,246
Acquisition of subsidiaries (note 33)	—	555	—	—	555
Disposals	—	(598)	—	—	(598)
Assets classified as held for sale	—	(1,000)	—	—	(1,000)
Amortisation provided during the year (note 7)	—	(8,520)	(3,482)	(22,821)	(34,823)
Exchange realignment	1,097	16	—	—	1,113
At 31 August 2023	149,031	88,351	3,481	1,015,700	1,256,563
At 31 August 2023					
Cost	149,031	132,344	17,438	1,065,978	1,364,791
Accumulated amortisation	—	(43,993)	(13,957)	(50,278)	(108,228)
Net carrying amount	149,031	88,351	3,481	1,015,700	1,256,563

17. OTHER INTANGIBLE ASSETS *(continued)*

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangement to operate independent college RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2022					
Cost at 1 September 2021, net of accumulated amortisation	149,075	51,280	11,321	585,435	797,111
Additions	—	15,075	—	—	15,075
Acquisition of subsidiaries	—	4,336	—	471,983	476,319
Amortisation provided during the year (note 7)	—	(8,028)	(4,358)	(18,897)	(31,283)
Exchange realignment	(1,141)	(11)	—	—	(1,152)
At 31 August 2022	147,934	62,652	6,963	1,038,521	1,256,070
At 31 August 2022					
Cost	147,934	100,026	17,438	1,065,978	1,331,376
Accumulated amortisation	—	(37,374)	(10,475)	(27,457)	(75,306)
Net carrying amount	147,934	62,652	6,963	1,038,521	1,256,070

17. OTHER INTANGIBLE ASSETS *(continued)*

Notes:

(i) The trade name acquired through the acquisition of INTI Group is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 18 to the financial statements.

(ii) The licences to operate undergraduate institutions are amortised on the straight-line basis over their estimated useful lives by considering the expected usage of the assets and legal or similar limits on the use of the assets. The net carrying amount of these licences and the estimated useful lives are as follows:

	2023 **RMB'000**	Estimated useful life
Yinchuan University of Energy	**78,565**	35 years
College of Science and Technology	**237,533**	46 years
Pioneer College	**242,056**	49 years
Shaanxi University	**457,546**	49 years
	1,015,700	

18. GOODWILL

The carrying amounts of goodwill as at 31 August 2023 and 2022 are as follows:

	2023 **RMB'000**	2022 RMB'000
Cost and net carrying amount at beginning of year	**2,031,266**	1,296,672
Acquisition of subsidiaries (note 33)	**6,581**	736,070
Exchange realignment	**2,407**	(1,476)
Cost and net carrying amount at end of year	**2,040,254**	2,031,266

The carrying amount of the trade name with an indefinite useful life was set out in note 17.

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life

The goodwill and trade name acquired through business combinations are allocated to the following cash-generating units ("CGU") for impairment testing:

- Sichuan Tianyi College cash-generating unit ("Tianyi College CGU");
- Jinci College of Shanxi Medical University cash-generating unit ("Jinci College CGU");
- Sichuan TOP IT Vocational Institute cash-generating unit ("TOP Institute CGU");
- Yinchuan University of Energy cash-generating unit ("Yinchuan Energy CGU");
- Suzhou Top Institute cash-generating unit ("Suzhou Top CGU");
- Inti Education Holdings Sdn. Bhd. and its subsidiaries cash-generating unit ("INTI Group CGU");
- Nanchang Vocational Institute cash-generating unit ("Nanchang Institute CGU");
- Jinken College cash-generating unit ("Jinken College CGU");
- Pioneer College cash-generating unit ("Pioneer College CGU");
- College of Science and Technology cash-generating unit ("ST College CGU");
- Shaanxi University cash-generating unit ("Shaanxi University CGU"); and
- Wekerle Sandor Business School cash-generating unit ("Wekerle School CGU")

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life *(continued)*

The carrying amount of the goodwill and trade name allocated to each CGU at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
Tianyi College CGU	36,865	36,865
Jinci College CGU	16,311	16,311
TOP Institute CGU	427,967	427,967
Yinchuan Energy CGU	10,795	10,795
Suzhou Top CGU	98,518	98,518
INTI Group CGU*	342,083	339,567
Nanchang Institute CGU	38,122	38,122
Jinken College CGU	354,588	354,588
Pioneer College CGU	93,978	93,978
ST College CGU	26,419	26,419
Shaanxi University CGU	736,070	736,070
Wekerle School CGU	7,569	—
	2,189,285	2,179,200

The recoverable amount of each of the above CGUs had been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The long-term growth rate used to extrapolate the cash flows of the above CGUs during the terminal period is 0% and the inflation rates are 2.2% to 2.3%.

* Include the intangible asset with an indefinite useful life of RMB149,031,000 (note 17(i)) (2022: RMB147,934,000).

Assumptions were used in the value-in-use calculation of each of the above CGUs for 31 August 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The budgeted revenue is based on the historical data and management's expectation on the future market. It mainly consists of the budgeted tuition and boarding fees, which are dependent on the number of students and the unit price of tuition and boarding fees.

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life *(continued)*

Budgeted EBIT — The basis used to determine the value assigned to the budgeted earnings before interest and taxes ("EBIT") is the average EBIT achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Pre-tax discount rate — The pre-tax discount rate reflects the risks relating to the relevant CGUs, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the PRC education industry. The pre-tax discount rate used in the value-in-use calculation for each CGU is as follows:

	2023	2022
Tianyi College CGU	**13%**	13%
Jinci College CGU	**13%**	13%
TOP Institute CGU	**13%**	13%
Yinchuan Energy CGU	**13%**	13%
Suzhou Top CGU	**13%**	13%
INTI Group CGU	**18%**	18%
Nanchang Institute CGU	**13%**	13%
Jinken College CGU	**13%**	13%
Pioneer College CGU	**13%**	13%
ST College CGU	**13%**	13%
Shaanxi University CGU	**13%**	13%
Wekerle School CGU	**13%**	N/A

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

The directors have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amounts of the respective CGUs then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amounts of the respective CGUs, would still exceed their respective carrying amounts.

19. INVESTMENT IN A JOINT VENTURE

	2023 RMB'000	2022 RMB'000
Share of net assets	347,558	318,273
Goodwill on acquisition	218,776	218,776
Unrealised gains from downstream transactions to joint ventures	(12,669)	(7,226)
	553,665	529,823

The Group's loans to the joint venture are disclosed in note 35(b) to the financial statements.

Particulars of the Group's joint venture are as follows:

Name	Registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Gongqing College of Nanchang University	RMB216,468,000	The PRC/ Mainland China	100%	(i)	100%	Provision of higher education services

Gongqing College of Nanchang University is accounted for as a joint venture even though the Group owns a 100% ownership interest and a 100% profit sharing right in Gongqing College of Nanchang University. According to the articles of association of Gongqing College of Nanchang University, all decisions about the relevant activities require the unanimous consent from all the members of the board of directors of Nanchang University, and only three directors were appointed by the Group among the nine members of the board of directors. Therefore, the Group is able to exercise joint control over Gongqing College of Nanchang University. The above investment is indirectly held by the Company.

19. INVESTMENT IN A JOINT VENTURE *(continued)*

The following table illustrates the summarised financial information in respect of Gongqing College of Nanchang University, which is considered a material joint venture of the Group, reconciled to the carrying amounts in the financial statements:

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents	**55,816**	94,458
Other current assets	**31,788**	24,338
Non-current assets, excluding goodwill	**384,872**	344,600
Goodwill on acquisition of the joint venture	**218,776**	218,776
Contract liabilities	**(65,731)**	(83,543)
Other-current liabilities	**(59,187)**	(61,580)
Net assets	**566,334**	537,049
Net assets, excluding goodwill	**347,558**	318,273
Reconciliation to the Group's share of net assets of the joint venture:		
Proportion of the Group's ownership	**100%**	100%
Group's share of net assets of the joint venture, excluding goodwill	**347,558**	318,273
Goodwill on acquisition of the joint venture	**218,776**	218,776
Unrealised gains from downstream transactions to a joint venture	**(12,669)**	(7,226)
Carrying amount of the investment	**553,665**	529,823

	2023 RMB'000	2022 RMB'000
Revenue	**121,068**	99,784
Interest income	**173**	116
Depreciation and amortisation	**(21,116)**	(17,568)
Finance costs	**(810)**	(493)
Profit for the year	**29,285**	31,523

20. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

		2023 RMB'000
Non-current assets classified as held for sale	(b)	**13,708**
Assets of disposal groups classified as held for sale	(a)	**376,855**
Total assets classified as held for sale		**390,563**
Liabilities of disposal groups classified as held for sale	(a)	**228,588**

Notes:

(a) Assets/liabilities of disposal groups classified as held for sale consisted of:

	2023 RMB'000
Property, plant and equipment	**180,502**
Right-of-use assets	**40,838**
Other intangible assets	**1,000**
Pledged and restricted deposits	**98,039**
Cash and cash equivalents	**50,392**
Others	**6,084**
Total assets of disposal groups classified as held for sale	**376,855**
Contract liabilities	**50,324**
Other payables and accruals	**170,774**
Others	**7,490**
Total liabilities of disposal groups classified as held for sale	**228,588**

On 28 August 2023, the Group entered into a sale and purchase agreement to dispose of its entire interests in Hebi Hongyi Education Consulting Co., Ltd. ("Hebi Hongyi"), which holds a 100% sponsor right in Hebi Automotive engaging in the provision of higher education services (the major operation of the Group), to an independent third party for a total consideration of RMB304,000,000, subject to an adjustment of the liabilities assumed by the third party, which will be determined based on the amount audited by an auditor appointed by the third party. The disposal was completed on 4 September 2023. As at 31 August 2023, the disposal was in progress and Hebi Hongyi and Hebi Automotive were classified as disposal groups held for sale but not as discontinued operations.

20. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE *(continued)*

Notes: *(continued)*

(b) Non-current assets classified as held for sale

Non-current assets classified as held for sale represented the leasehold land and campus buildings located in Malaysia, of which the sales and purchase agreement was signed on 8 March 2023 with a sales price of RM10,100,000 (equivalent to RMB15,700,000). As at 31 August 2023, the sales have not been completed as the asset titles have not been transferred to the buyers and the full payments have not been received from the buyers.

21. TRADE RECEIVABLES

	2023 **RMB'000**	2022 RMB'000
Tuition and boarding fee receivables	**104,591**	127,124

The outstanding trade receivables represent amounts due from students who have applied for the monthly instalment plan and amounts due from certain students who have applied for scholarships receivable from the government. There is no fixed term for the trade receivables. The trade receivables have no recent history of default. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 **RMB'000**	2022 RMB'000
Within 3 months	**53,912**	54,931
Over 3 months	**50,679**	72,193
	104,591	127,124

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. No expected credit losses were provided as it is assessed the overall expected credit loss rate for the above financial assets measured at amortised cost will be minimal.

None of the above trade receivables is either past due or impaired.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2023 RMB'000	2022 RMB'000
Current portion:			
Loans to third parties, interest receivables included	(a)	**471,260**	708,660
Cash in transit	(b)	**59,212**	49,134
Prepayments for management fees		**47**	1,531
Prepaid expenses		**62,895**	42,051
Deposits		**27,595**	32,390
Staff advances		**26,334**	12,367
Interest receivable from time deposits		**—**	21,722
Amounts due from the local finance department	(c)	**78,735**	85,513
Amounts due from a former related party	35(b)	**—**	181,587
Loans to the government		**24,581**	8,455
Bills receivable		**—**	10,000
Rental receivables from third parties		**19,642**	2,642
Other receivables		**79,712**	59,805
		850,013	1,215,857
Impairment allowance	(a)/(d)	**(180,700)**	—
		669,313	1,215,857
Non-current portion:			
Prepayments for property, plant and equipment		**36,833**	33,146
Prepayments for intangible assets		**969**	10
Prepayments for acquisitions		**—**	50,000
Prepayments for land lease payments		**174,917**	226,816
Loans to a third party	(a)	**15,000**	30,000
Security deposits for other borrowings		**90,417**	34,140
		318,136	374,112
		987,449	1,589,969

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

Notes:

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

	Notes	2023 RMB'000	2022 RMB'000
Guixi Property	(i)		
Principal		**347,911**	446,550
Interest receivables		**—**	148,761
Less: impairment allowance		**(154,406)**	—
		193,505	595,311
Zhongsheng Real Estate	(ii)		
Principal		**107,000**	112,000
Interest receivables		**31,349**	31,349
Less: impairment allowance		**(21,333)**	—
		117,016	143,349
		310,521	738,660

(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 a sponsor rights of a hospital (the "Preserved Properties"), which had been passed by the people's court. During the year, the Group paid the construction fee of RMB5,480,000 on behalf of Guixi Property in respect of some buildings previously acquired, and the principal of the loans increased by RMB5,480,000, bearing interest at a fixed rate of 7.5% per annum.

During the year, 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 31 August 2023, after considering the repayment of the loans through the proceeds from the auction, the remaining principal of RMB347,911,000 has been past due. The Group recognised ECLs amounting to RMB154,406,000, as the expected discounted cash flow from the Collaterals and the Preserved Properties as at 31 August 2023 was approximately RMB193,505,000, which is lower than remaining principal loans. The fair value of the Collaterals and the expected discounted cash flow from the Collaterals and the Preserved Properties are determined by an independent qualified valuer engaged by management.

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

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

Notes: *(continued)*

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

(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.

The Group recognised ECLs amounting to RMB21,333,000 for the year ended 31 August 2023, after assessing the fair value of the 100% equity interests of Zhongsheng Real Estate as at 31 August 2023, which is valued by an independent qualified valuer engaged by management.

(b) The cash in transit represents the fees collected through third party online payment service providers at the end of the reporting period, which have yet to be transferred to the respective bank accounts of the Group at the end of the reporting period.

(c) Amounts due from the local finance department represented the receipt of tuition and boarding fees for the new fall semester by Pioneer College, which needed to be transferred to the local finance department upon receipt and Pioneer College will apply to the local finance department for the return later. Amounts due from the local finance department of RMB78,735,000 have been received in September 2023.

(d) In addition to the impairment allowance in (a), impairment allowance amounting to RMB4,961,000 is related to the non-recovery of the deposits paid by the Group.

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

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	2023 RMB'000	2022 RMB'000
Cash and bank balances		**2,927,730**	2,773,514
Time deposits with original maturity of over three months		**—**	260,000
		2,927,730	3,033,514
Less:			
Pledged deposits for:			
Bank loans — current	27(a)	**—**	(261,075)
Restricted bank balances in escrow accounts (i)			
Current		**(71,611)**	—
Non-current		**(7,520)**	(36,193)
Other restricted bank balances — current		**(20,877)**	(10,982)
Total pledged and restricted deposits		**(100,008)**	(308,250)
Cash and cash equivalents		**2,827,722**	2,725,264

Note:

(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, amounting to RMB36,288,000 as at 31 August 2023 (2022: RMB36,193,000) and cash received in advance for the disposal of Hebi Automotive, amounting to RMB41,961,000 as at 31 August 2023 (2022: Nil).

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS *(continued)*

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

	2023	2022
	RMB'000	RMB'000
RMB	**2,574,279**	2,533,467
Hong Kong dollar ("HK$")	**16,554**	31
Malaysian ringgit ("RM")	**186,474**	149,612
United States dollar ("US$")	**67,736**	302,555
Thailand Baht ("THB")	**76,474**	47,849
Euro ("EUR")	**5,842**	—
Hungarian Forint ("HUF")	**371**	—
Cash and bank balances	**2,927,730**	3,033,514

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposits were made for three months to three years and earned interest at the deposit rates ranging from 4.20% to 5.40% per annum (2022: 0.375% to 4.20%). The bank balances and pledged and restricted deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2023 RMB'000	2022 RMB'000
Within 3 months	27,625	13,722
Over 3 months	20,542	44,857
	48,167	58,579

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

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25. OTHER PAYABLES AND ACCRUALS

	Notes	2023 RMB'000	2022 RMB'000
Current portion:			
Payables for purchase of property, plant and equipment		758,573	853,337
Payables for the acquisition of equity interests	(v)	629,591	631,953
Miscellaneous advances received from students	(i)	219,211	197,553
Accrued bonuses and other employee benefits		195,439	188,237
Government scholarship		229,562	142,363
Payables for purchase of teaching materials and operating expenditure		35,023	25,610
Payables for management fees	7(i)	36,190	45,580
Rental payable		41,643	96,665
Deposits		64,537	68,386
Other taxes payable		120,748	123,508
Other payables and accrued expenses		253,890	308,239
Loans from third parties	(vi)	30,003	92,003
Construction loan from the Mianzhu Education Bureau	(ii)	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	(iii)	80,682	106,330
Advances received for disposal of Hebi Automotive	23(i)	41,961	—
Payable for land lease payments		13,340	105,210
		2,826,225	3,060,806
Non-current portion:			
Payables for conversion of certain independent colleges into fully private colleges	(iii)	505,143	559,813
Liability of a put option granted to a shareholder	(iv)	332,238	313,098
Other payables		8,575	12,220
		845,956	885,131
		3,672,181	3,945,937

25. OTHER PAYABLES AND ACCRUALS *(continued)*

Notes:

(i) The advances received from students represented expenses relating to textbooks, military training, medical examination and insurance, etc. collected from students which will be paid out on behalf of students.

(ii) Sichuan Tianyi College obtained an interest-free construction loan from the Mianzhu Education Bureau in 2015.

(iii) The amount includes fees payable for conversions of College of Guizhou Qiannan Economics and College of Science and Technology from independent colleges into fully private colleges in prior year. The amount of RMB505,143,000 (2022: RMB559,813,000) will be payable over twelve months and presented as non-current liabilities.

(iv) On 25 February 2022, the Group acquired a 70% sponsor right in Shaanxi University from independent third parties (the "Sellers"). As part of the agreement, the Group granted one of the Sellers a right to sell the remaining sponsor right of 30% to the Group at any time at a consideration, which is dependent on the audited earnings before interest, taxes, depreciation and amortisation of Shaanxi University of the preceding year when the put option was exercised. The put option granted is accounted for as a financial liability and is initially recognised at fair value of the liability and subsequently measured at amortised cost.

As at 31 August 2022 and 2023, the Company reassessed the expected redemption amount of the financial liability of put option with no material changes subsequent to initial recognition.

(v) A 51% equity interest in Inner Mongolia Pu Rui Chen Education Technology Co., Ltd. and a 50% equity interest in Nanjing Jinken Construction and Installation Engineering Co., Ltd. (南京金肯建築安裝工程有限公司, "Nanjing Jinken") were pledged for the payables for the acquisition of equity interests.

(vi) As at 31 August 2023, loans from third parties provided by a company controlled by a former shareholder of Shaanxi University, which bore interest at an interest rate of 15.5% per annum, were unsecured and repayable on demand.

26. DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
Government grants related to assets		
At beginning of year	**1,574,420**	1,458,252
Government grants received	**57,319**	58,331
Acquisition of subsidiaries	**—**	88,811
Released to profit or loss (note 5)	**(49,381)**	(30,974)
Classified as held for sale	**(4,344)**	—
At end of year	**1,578,014**	1,574,420
Current	**41,574**	39,606
Non-current	**1,536,440**	1,534,814
	1,578,014	1,574,420
Government grants related to expense items		
At beginning of year	**35,787**	30,897
Government grants received	**17,075**	14,284
Acquisition of subsidiaries (note 33)	**664**	—
Released to profit or loss (note 5)	**(17,144)**	(9,394)
At end of year — current	**36,382**	35,787

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 represents to government grants received for the purpose of subsidising teaching-related operating costs incurred during the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.90–7.00	2023–2024	540,000	4.00–7.00	2023	1,089,245
Bank loans — secured	—	—	—	—	On demand	3,570
Bank loans — unsecured	4.85	2023–2024	64,173	4.85	2023	100,895
Current portion of						
— Long term bank loans — secured	5.00–6.84	2023–2024	89,200	4.34–6.84	2021–2022	444,132
— Syndicated loan — secured	2.25+HIBOR	2023–2024	85,579	—	—	—
— Other borrowings — secured	6.81–10.65	2023–2024	859,399	6.82–15.05	2022–2023	922,902
			1,638,351			2,560,744
Non-current						
Bank loans — secured	5.00–6.84	2024–2026	29,800	4.34–6.84	2022–2025	317,800
Syndicated loan — secured	2.25+HIBOR	2024–2025	473,156	—	—	—
Other borrowings — secured	6.81–10.65	2024–2026	1,331,706	6.82–15.05	2022–2026	1,245,115
			1,834,662			1,562,915
			3,473,013			4,123,659

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

	2023	2022
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**778,952**	1,637,842
In the second year	**77,360**	159,400
In the third to fifth years, inclusive	**425,596**	158,400
	1,281,908	1,955,642
Other borrowings repayable:		
Within one year	**859,399**	922,902
In the second year	**719,923**	527,729
In the third to fifth years, inclusive	**611,783**	717,386
	2,191,105	2,168,017
	3,473,013	4,123,659

Notes:

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

	2023	2022
	RMB'000	RMB'000
RMB	**2,914,278**	4,123,659
HKD	**558,735**	—
Bank and other borrowings	**3,473,013**	4,123,659

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

Notes: *(continued)*

The Group's bank and other borrowings are secured by:

(a) Mortgages over the following assets:

(i) Certain of the Group's non-current assets are pledged for bank loans of RMB18,000,000 as at 31 August 2023 (2022: RMB182,000,000):

	2023	2022
	RMB'000	RMB'000
Net book amount of:		
Property, plant and equipment (note 13(b))	**11,589**	301,790
Prepaid land lease payments (note 14(a))	**16,121**	29,901
	27,710	331,691

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

As at 31 August 2022, the buildings and car parks owned by the former shareholders of Nanjing Jinken and their relatives, were pledged for the bank and other loans of the Group amounting to RMB25,372,000 assumed from the acquisition, which were repaid in 2023.

(iii) The Company's time deposit amounting to RMB260,000,000 (note 23) as at 31 August 2022 was pledged for the bank loans of the Group amounting to RMB250,000,000, which was repaid in 2023.

(b) Pledges of equity interests in the following subsidiaries to secure the bank loans granted to the Group:

(i) 100% of the equity interest in Top Education has been pledged for the bank loans of RMB264,000,000 as at 31 August 2022;

(ii) 100% of the equity interest in Sichuan Guojian Investment Limited, the guarantee granted by the Company, and the rights over tuition fees of Southwest Jiaotong University Hope College have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB664,261,000 as at 31 August 2023 (2022: RMB757,715,000);

(iii) 100% of the equity interests in Shanghai Pumeng Zhichuan Education Technology Co., Ltd. and Kunshan Xinwei Education Investment & Development Co., Ltd. have been pledged for bank loans of RMB115,200,000 as at 31 August 2022;

(iv) 100% of the equity interest in Taiyuan Xudong Technology Development Co., Ltd. has been pledged for the bank loans of RMB150,000,000 as at 31 August 2022; and

(v) 100% of the equity interest in Yonghe Education Investment Co., Ltd. has been pledged for the bank loans of RMB200,000,000 as at 31 August 2022.

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

Notes: *(continued)*

(c) The rights over tuition or boarding fees of the following schools:

	Loan amount	
	2023	2022
	RMB'000	RMB'000
Sichuan Tianyi College	**—**	19,732
Sichuan Vocational College of Culture & Communication	**—**	200,000
Southwest Jiaotong University Hope College	**664,261**	757,715
Sichuan TOP IT Vocational Institute	**—**	264,000
Suzhou Top Institute, Kunshan Technical School	**—**	115,200
College of Science and Technology	**—**	222,000
Shaanxi University	**97,000**	119,440
Xian Siyuan Middle School	**—**	14,647
Guizhou Vocational Institute of Technology	**—**	100,000
Jinken Vocational and Technical College	**—**	25,372
	761,261	1,838,106

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

	Loan amount	
	2023	2022
	RMB'000	RMB'000
Related parties' guarantees		
— Tequ Education and Mr. Wang Huiwu	**10,800**	21,607
— Mr. Wang Huiwu	**1,302,438**	1,648,307
	1,313,238	1,669,914
Former shareholders' guarantees		
— Shaanxi University	**97,000**	159,630
— Nanjing Jinken	**18,000**	100,372
	115,000	260,002
	1,428,238	1,929,916

28. CONVERTIBLE BONDS

	2023 RMB'000	2022 RMB'000
At beginning of year	**1,871,914**	1,892,889
Repurchased during the year	**—**	(140,698)
Change in fair value charged/(credited) to profit or loss (note 5)	**228,654**	(37)
Foreign exchange loss charged to profit or loss	**83,319**	119,760
At end of year	**2,183,887**	1,871,914

On 2 March 2021, Tequ Mayflower Limited, a wholly-owned subsidiary of the Company completed the issue of Zero Coupon guaranteed convertible bonds (the "Bonds") with the aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,259,775,000) with a maturity date on 2 March 2026.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company, on or after 12 April 2021 to the close of business on the seventh day prior to the maturity date at an initial conversion price of HK$3.85 per share. The Bonds are redeemable at the option of the bondholders at 103.04 per cent of the principal amount on 2 March 2024. Any convertible bonds not converted will be redeemed on 2 March 2026 at 105.11 per cent of its principal amount.

The Group designated the convertible bonds (including the conversion option) as financial liabilities at fair value through profit or loss which were initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds were charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. The change in fair value that is attributed to change in credit risk is recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

During the year ended 31 August 2022, the Group had repurchased the Bonds with the aggregate principal amount of US$34,900,000 at a consideration of US$20,991,250 (equivalent to approximately RMB140,698,000).

The fair values of the convertible bonds were determined by an independent qualified valuer based on the binomial model for the years ended 31 August 2023 and 2022.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Lease liabilities RMB'000	Contract liabilities RMB'000	Accrued expenses RMB'000	Loss available for offsetting against future taxable profits RMB'000	Total RMB'000
Year ended 31 August 2023					
At beginning of year	**8,099**	**27,119**	**9,920**	**985**	**46,123**
Deferred tax credited/(charged) to profit or loss during the year	**(2,200)**	**(1,715)**	**(6,143)**	**3,160**	**(6,898)**
Exchange realignment	**63**	**203**	**14**	**4**	**284**
At end of year	**5,962**	**25,607**	**3,791**	**4,149**	**39,509**
Year ended 31 August 2022					
At beginning of year	14,690	29,336	9,551	205	53,782
Deferred tax credited/(charged) to profit or loss during the year	(6,402)	(1,969)	406	772	(7,193)
Exchange realignment	(189)	(248)	(37)	8	(466)
At end of year	8,099	27,119	9,920	985	46,123

29. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries	Accounting depreciation in short of tax depreciation	Right-of-use assets	Contract costs	Intercompany interest receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 August 2023						
At beginning of year	**70,076**	**48,887**	**7,431**	**3,575**	**3,487**	**133,456**
Deferred tax charged/(credited) to profit or loss during the year	**(900)**	**(1,665)**	**(2,745)**	**(132)**	**636**	**(4,806)**
Exchange realignment	**520**	**364**	**58**	**26**	**25**	**993**
At end of year	**69,696**	**47,586**	**4,744**	**3,469**	**4,148**	**129,643**
Year ended 31 August 2022						
At beginning of year	71,414	50,601	13,735	823	—	136,573
Deferred tax charged/(credited) to profit or loss during the year	(783)	(1,316)	(6,126)	2,726	3,446	(2,053)
Exchange realignment	(555)	(398)	(178)	26	41	(1,064)
At end of year	70,076	48,887	7,431	3,575	3,487	133,456

29. DEFERRED TAX *(continued)*

Deferred tax liabilities *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	2023 **RMB'000**	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**24,520**	27,271
Net deferred tax liabilities recognised in the consolidated statement of financial position	**114,654**	114,604

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

At 31 August 2023, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB3,064,226,000 (2022: RMB2,660,238,000).

At 31 August 2023, the Group had unused tax losses arising in Mainland China from PRC entities and in Malaysia from INTI Group subject to income tax of RMB304,024,000 and RMB54,889,000, respectively (2022: RMB164,990,000 and RMB98,224,000, respectively), which will expire in one to ten years for offsetting against future profits, and the Group had deductible temporary difference of RMB177,313,000 (2022: Nil) arising from the impairment losses on financial assets. Deferred tax assets have not been recognised in respect of these tax losses and deductible temporary difference as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	2023	2022
	US$	US$
Authorised:		
10,000,000,000 shares of US$0.00001 each (2022: 10,000,000,000 shares of US$0.00001 each)	**100,000**	100,000
Issued and fully paid:		
8,224,974,706 ordinary shares (31 August 2022: 8,027,550,706 ordinary shares) of US$0.00001 each	**82,250**	80,276
Equivalent to approximately	**RMB558,695**	RMB544,815

A summary of movements in the Company's issued capital is as follows:

	Number of shares in issue	**Issued capital**
		RMB
At 1 September 2022	8,027,550,706	544,815
Share options exercised	197,424,000	13,880
At 31 August 2023	**8,224,974,706**	**558,695**

Note:

The subscription rights attaching to 197,424,000 share options were exercised at the subscription price of HK$0.486 per share (note 31), resulting in the issue of 197,424,000 shares for a total cash consideration of RMB86,080,000. An amount of RMB28,579,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

31. SHARE OPTION SCHEME

The Company operates two share option schemes, including the share option scheme adopted on 18 March 2018 (the "2018 Pre-IPO Share Option Scheme") and the share option scheme adopted on 11 May 2022 (the "2022 Share Option Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

2018 Pre-IPO Share Option Scheme

On 18 March 2018, the Company adopted the 2018 Pre-IPO Share Option Scheme. The 2018 Pre-IPO Share Option Scheme became effective on 18 March 2018 and expired on 3 August 2018, the date on which the shares of the Company first commenced trading on the Stock Exchange, after which period no further Pre-IPO Share Options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Pre-IPO Share Options which were granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

(i) Movements in share options

	2023		2022	
	Weighted average exercise price per share HK$	Number of options	Weighted average exercise price per share HK$	Number of options
At beginning of year	1.17	230,287,254	1.16	276,577,787
Exercised during the year	—	—	1.07	(46,290,533)
At end of year	1.17	230,287,254	1.17	230,287,254

31. SHARE OPTION SCHEME *(continued)*

2018 Pre-IPO Share Option Scheme *(continued)*

(ii) Outstanding share options

The exercise price and exercise periods of the share options granted under the 2018 Pre-IPO Share Option Scheme outstanding as at the end of the reporting period are as follows:

	Number of share options		Exercise price	
	2023	2022	**per share**	**Exercise period**
			HK$	
Tranche A	**168,372**	168,372	0.6800	30.1.2019–18.3.2038
Tranche B	**125,037,323**	125,037,323	1.0700	30.1.2019–18.3.2038
Tranche C	**105,081,559**	105,081,559	1.3000	30.1.2019–18.3.2038
	230,287,254	230,287,254		

2022 Share Option Scheme

On 11 May 2022, the Company adopted the 2022 Share Option Scheme and, unless otherwise cancelled or amended, will remain in force until 10 May 2032. The exercise period of the share options granted under the 2022 Share Option Scheme commences on 11 May 2023 and ends on a date which is not later than 10 May 2032 or the expiry date terminated in advance under the relevant requirements of the 2022 Share Option Scheme, if earlier.

(i) Movements in share options

	2023		2022	
	Weighted average exercise price per share	**Number of options**	Weighted average exercise price per share	Number of options
	HK$		HK$	
At beginning of year	**0.486**	**612,505,822**	—	—
Granted during the year	**—**	**—**	0.486	612,505,822
Exercised during the year	**0.486**	**(197,424,000)**	—	—
At end of year	**0.486**	**415,081,822**	0.486	612,505,822

31. SHARE OPTION SCHEME *(continued)*

2022 Share Option Scheme *(continued)*

(ii) Outstanding share options

The exercise price and exercise periods of the share options granted under the 2022 Share Option Scheme outstanding as at the end of the reporting period are as follows:

	Number of share options		Exercise price per share	Exercise period
	2023	2022	HK$	
2022 Share Option Scheme	**415,081,822**	612,505,822	0.4860	11.5.2023–10.5.2032

The fair value of the share options granted under the 2022 Share Option Scheme was RMB88,665,000 (RMB0.1448 each), of which the Group recognised a share option expense of RMB61,775,000 (2022: RMB26,890,000) during the year ended 31 August 2023.

The 197,424,000 share options exercised during the year resulted in the issue of 197,424,000 ordinary shares of the Company and new issued capital of approximately RMB14,000, as further detailed in note 30 to the financial statements, of which RMB28,579,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

As at 31 August 2023, the Company had 230,287,254 share options outstanding under the 2018 Pre-IPO Share Option Scheme and 415,081,822 share options outstanding under the 2022 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 645,369,076 additional ordinary shares of the Company and additional share capital of US$6,454 (equivalent to approximately RMB46,347) and share premium of RMB432,232,906 (before issue expenses).

On 26 September 2023, a total of 190,000,000 share options under the 2022 Share Option Scheme were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year. These share options will be vested on 26 September 2024 and have an exercise price of HK$0.493 per share and an exercise period from 26 September 2024 to 30 November 2032. The price of the Company's shares at the date of grant was HK$0.485 per share. Any further information can be referred to the Company's announcements dated 26 September 2023 and 3 October 2023.

At the date of approval of these financial statements, the Company had 835,369,076 share options outstanding in total under the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme, which represented approximately 10.2% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 12 of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time when the proposed dividend is to be paid.

Capital reserve

The capital reserve represents the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries.

Statutory surplus reserves

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

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

(ii) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund not less than 10% of the audited annual net income of the relevant school, while a non-profit private school is required to appropriate to the development fund not less than 10% of the audited annual increase in non-restricted net assets of the relevant school. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

33. BUSINESS COMBINATIONS

(a) On 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 the Affiliated Secondary Professional School of Guilin Shanshui Vocational College (collectively the "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 activities of the above newly acquired schools are disclosed in note 1 to the financial statements.

The acquisitions of the 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.

33. BUSINESS COMBINATIONS *(continued)*

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

		Wekerle School	**Guangxi School**	**Total**
	Notes	RMB'000	RMB'000	RMB'000
Property, plant and equipment	13	—	61,692	61,692
Right-of-use assets	14	17,458	14,640	32,098
Other intangible assets	17	—	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	5	—	(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	14	(17,458)	—	(17,458)
Deferred income	26	—	(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 dates 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.

33. BUSINESS COMBINATIONS *(continued)*

Goodwill arising from the above acquisitions:

	Wekerle School	Guangxi School	Total
	RMB'000	RMB'000	RMB'000
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 (note 5)	—	(5,498)	(5,498)
Goodwill (note 18)	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 the 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	Guangxi School	Total
	RMB'000	RMB'000	RMB'000
Cash paid during the year	(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 used in investing activities	(4,426)	27,774	23,348

33. BUSINESS COMBINATIONS *(continued)*

Contributions to the Group's revenue and consolidated profit for the year ended 31 August 2023 since the respective acquisition dates are as follows:

	Wekerle School	Guangxi School	Total
	RMB'000	RMB'000	RMB'000
Revenue	4,396	35,421	39,817
Consolidated profit/(loss)	(6,973)	6,436	(537)

Had the combinations taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 August 2023 would have been increased by:

	Wekerle School	Guangxi School	Total
	RMB'000	RMB'000	RMB'000
Revenue	5,920	44,633	50,553
Consolidated profit/(loss)	(6,944)	11,398	4,454

34. COMMITMENTS

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

	2023	2022
	RMB'000	RMB'000
Contracted but not provided for:		
Property, plant and equipment	971,629	766,837
Prepaid land lease payments	37,732	37,732
Acquisition of equity interests	—	9,489
	1,009,361	814,058

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

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

Related parties	Relationships
Mr. Wang Huiwu	One of the ultimate jointly controlling parties
Mr. Wang Degen	One of the ultimate jointly controlling parties
Sichuan Mayflower Enterprise Management Co., Ltd. ("Sichuan Mayflower")	One of the jointly controlling shareholders
Sichuan Tequ Education Management Co., Ltd. ("Tequ Education")	A company jointly controlled by the controlling shareholders
Ziyang Automobile Science and Technology Vocational College ("Ziyang Automobile College")	A school controlled by Tequ Education
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 Tequ Education
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Xiwang Tianyuan Insurance Brokage Co., Ltd. ("Tianyuan Insurance")	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
Chengdu Wanfengyuan Catering Service Co., Ltd. ("Chengdu Wanfengyuan Catering Service")	A company controlled by a close relative of Mr. Wang Huiwu
Dingli Yuan (Shanghai) Technology Development Co., Ltd. ("Dingli Yuan Technology", former name as "Shanghai Shiji Dingli Education Technology Co., Ltd.")	A company controlled by Mr. Wang Huiwu
Mianzhu Jinwuyue Real Estate Development Co., Ltd. ("Mianzhu Jinwuyue")	A company controlled by Sichuan Mayflower
Fuquan Jinwuyue Real Estate Development Co., Ltd. ("Fuquan Jinwuyue")	A company controlled by Sichuan Mayflower
Qixian Mayflower Real Estate Development Co., Ltd ("Qixian Mayflower")	A company controlled by Sichuan Mayflower
Chengdu Pengyang Enterprise Management Consulting Limited ("Chengdu Pengyang")	A company controlled by Mr. Wang Huiwu
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Sichuan Tequ Mayflower")	A company controlled by Mr. Wang Huiwu

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

(a) Name and relationship *(continued)*

Related parties	Relationships
Gongqing College of Nanchang University	Joint venture of the Group
Xian Siyuan Middle School	A school legally owned by the Group
Meishan Tequ Shuanglin Education Consultation Ltd. ("Shuanglin Education")	A company significantly influenced by a close relative of Mr. Wang Degen before 14 July 2023
Meishan Tequ Linjia Education Consulting Co., Ltd. ("Meishan Tequ Linjia")	A company significantly influenced by a close relative of Mr. Wang Degen before 14 July 2023
Sichuan Mayflower Construction Project Co., Ltd. ("Sichuan Mayflower Construction")	A company controlled by Mr. Wang Huiwu
Sichuan Top Computer Vocational School	A school controlled by Tequ Education
Sichuan Baolian Liquor Co., Ltd.	A company controlled by a close relative of Mr. Wang Huiwu
Yinchuan Bahan Catering Management Co., Ltd.	A company controlled by Tequ Education
Chengdu Wukuaiwu Catering Management Co., Ltd.	A company controlled by Tequ Education
Chengdu Wuhou District Jiuyiling Cultural Training School Co., Ltd. ("Jiuyiling Cultural Training School")	A company controlled by Tequ Education
Chengdu Zhichang Information Technology Development Co., Ltd.	A company controlled by Dingli Yuan Technology

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

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

(i) Loans provided to related parties:

	2023 RMB'000	2022 RMB'000
Gongqing College of Nanchang University		
Loans provided	**18,575**	79,751
Loans received	**(19,306)**	(88,445)
Interest expense charged	**778**	754
Interest received	**(640)**	(765)
Effective interest rate, per annum	**6.5%–8%**	6%–8%
Shuanglin Education*		
Loan provided	**—**	181,587
Loan received	**(181,587)**	—
Interest expense charged	**35,664**	—
Interest received	**(37,804)**	—
Effective interest rate, per annum	**12%**	Nil

* The loan provided to Shuanglin Education during the year ended 31 August 2022 was for the payment of land and further information can be found in the Company's announcement dated 24 December 2021. On 21 July 2023, the Group and Meishan Tequ Linjia entered into an agreement to terminate the acquisition of land after careful consideration and further information can be referred to the Company's announcement dated 21 July 2023. Accordingly, the Group received the loan and interest from Shuanglin Education.

The above loans are unsecured with maturity within one year.

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

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

(ii) Loans received from related parties:

	2023 RMB'000	2022 RMB'000
Loans received*	—	463,093
Loan repaid*	(463,777)	(376,426)
Interest expense charged	611	22,379
Interest paid	(9,114)	(13,556)
Effective interest rate, per annum	nil–15%	nil–10%

* The Group received loans from and repaid loans to Mr. Wang Huiwu, Sichuan Mayflower Construction and Sichuan Tequ Mayflower during the years ended 31 August 2023 and 2022.

(iii) Procurement of property, equipment and fixtures

	2023 RMB'000	2022 RMB'000
Wuyang Construction	78,337	101,522
Guizhou Mayflower Property	—	39,664
Mianzhu Jinwuyue	—	93,533
Mr. Wang Huiwu	—	12,496
Fuquan Jinwuyue	—	62,629
Qixian Mayflower	—	15,577
Other related parties	156	172
Total	78,493	325,593

The considerations for the construction and procurement of properties were determined at prices mutually agreed between the Group and its related parties with reference to the arm's length pricing obtained from the market or better with reference to the valuation of the properties by independent qualified valuers.

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

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

(iv) Goods purchased and services received from related parties

	2023	2022
	RMB'000	RMB'000
Sichuan Baolian Liquor Co., Ltd.	**3,276**	—
Chengdu Mayflower Property Management	**2,616**	743
Tianyuan Insurance	**1,556**	917
Mayflower Wine Sales	**802**	2,374
Chengdu Wanfengyuan Catering Service	**385**	2,381
Other related parties	**1,059**	1,306
Total	**9,694**	7,721

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

	2023	2022
	RMB'000	RMB'000
Sichuan Top Computer Vocational School	**2,320**	1,590
Yinchuan Bahan Catering Management Co., Ltd.	**2,041**	—
Ziyang Automobile College	**1,994**	2,564
Rongxing Driving School	**749**	1,390
Other related parties	**1,868**	1,341
Total	**8,972**	6,885

Rental charges were determined at prices mutually agreed between the Group and its related parties with reference to the prevailing market price of local properties in vicinity with similar size and quality.

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

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

(vi) Goods sold and services provided to related parties

	2023 RMB'000	2022 RMB'000
Gongqing College of Nanchang University	**24,107**	27,670
Chengdu Wukuaiwu Catering Management Co., Ltd.	**4,072**	—
Chengdu Wanfengyuan Catering Service	**2,395**	2,526
Chengdu Mayflower Property management	**1,350**	—
Jiuyiling Cultural Training School	**1,172**	—
Other related parties	**3,448**	958
Total	**36,544**	31,154

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 33(a), the Company acquired the sponsor right pertaining to the 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, Dingli Yuan Technology, at a purchase consideration of RMB12,000,000.

The related party transactions in respect of the acquisition of an equity interest and properties leased to related parties constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

(c) Balances with related parties

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

Amounts due from related parties

	2023 RMB'000	2022 RMB'000
Non-trade in nature — current		
Gongqing College of Nanchang University	13,880	14,442
Trade in nature — current		
Chengdu Mayflower Technical	1,783	1,793
Gongqing College of Nanchang University	7,366	9,322
Chengdu Mayflower Property Management	1,397	1,850
Yinchuan Bahan Catering Management Co., Ltd.	2,601	—
Sichuan Top Computer Vocational School	2,335	—
Ziyang Automobile College	3,493	4,536
Guizhou Mayflower Property	1,313	1,313
Xian Siyuan Middle School	—	7,401
Shuanglin Education	—	181,587
Chengdu Pengyang	8,000	507,000
Chengdu Wanfengyuan Catering Service	32	1,429
Others	3,199	2,561
Total current	45,399	733,234
Trade in nature — non-current		
Meishan Tequ Linjia (note 35(b))	—	50,000
	45,399	783,234

Except for the amount due from Gongqing College of Nanchang University of RMB13,880,000 (2022: RMB14,442,000), amounts due from the related parties are unsecured, interest-free and have no fixed terms of repayment.

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

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

Amounts due to related parties

	2023 RMB'000	2022 RMB'000
Non-trade in nature — current		
Mr. Wang Huiwu	514	355,922
Sichuan Mayflower Construction	—	27,501
Sichuan Tequ Mayflower	—	18,000
	514	401,423
Trade in nature — current		
Wuyang Construction	70,477	80,941
Xian Siyuan Middle School	4,009	—
Jiuyiling Cultural Training School	6,726	—
Gongqing College of Nanchang University	784	4,620
Sichuan Tequ Mayflower	—	49,314
Sichuan Top Computer Vocational School	—	3,889
Others	1,063	3,592
	83,059	142,356
	83,573	543,779

Except for the amounts due to Mr. Wang Huiwu of RMB13,549,000 and amounts due to Sichuan Mayflower Construction of RMB27,501,000 as at 31 August 2022, amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

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

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

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**3,160**	3,149
Equity-settled share option expense	**5,043**	2,195
Pension scheme contributions	**217**	187
	8,420	5,531

Further details of directors' emoluments are included in note 8 to the financial statements.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash repayment of loans with its deposits amounting to RMB7,200,000 (2022: RMB15,839,000).

(ii) During the year ended 31 August 2022, the Group had non-cash reclassification of lease liabilities and other payables amounting to RMB17,005,000 and RMB17,005,000, respectively, due to a present obligation to settle the remaining lease payments upon receiving the statutory demand letter demanding a full sum settlement of rental when the lease was early terminated.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals RMB'000	Lease liabilities RMB'000	An amount due to a related party RMB'000	Total RMB'000
31 August 2023						
At 1 September 2022	4,123,659	1,871,914	208,294	143,503	401,423	6,748,793
Changes from financing cash flows	(720,526)	—	(303,285)	(32,714)	(472,891)	(1,529,416)
Non-cash changes:						
New leases	—	—	—	9,065	—	9,065
Fair value changes of convertible bonds	—	228,654	—	—	—	228,654
Foreign exchange differences	1,253	83,319	—	2,720	17,016	104,308
Increase arising from acquisition of subsidiaries	—	—	—	17,458	54,355	71,813
Lease modification	—	—	—	(187)	—	(187)
Repayment of loans with its deposits	(7,200)	—	(11,587)	—	—	(18,787)
Offsetting with deposits	2,030	—	—	—	—	2,030
Interest capitalised	—	—	22,322	—	—	22,322
Liabilities directly associated with the assets classified as held for sale	—	—	(243)	—	—	(243)
Interest expense	73,797	—	217,155	9,981	611	301,544
At 31 August 2023	3,473,013	2,183,887	132,656	149,826	514	5,939,896

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities *(continued)*

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals RMB'000	Lease liabilities RMB'000	An amount due to a related party RMB'000	Total RMB'000
31 August 2022						
At 1 September 2021	3,110,502	1,892,889	120,137	171,395	179,905	5,474,828
Changes from financing cash flows	411,974	(140,698)	(238,476)	(27,959)	73,111	77,952
Non-cash changes:						
New leases	—	—	—	1,451	—	1,451
Fair value changes of convertible bonds	—	(37)	—	—	—	(37)
Foreign exchange differences	(3,807)	119,760	—	(514)	—	115,439
Increase arising from acquisition of subsidiaries	585,251	—	138,892	6,969	26,028	757,140
Lease modification	—	—	—	(342)	—	(342)
Amount due to a related party	—	—	—	—	100,000	100,000
Repayment of loans with its deposits	(15,839)	—	—	—	—	(15,839)
Offsetting with deposits	(5,234)	—	—	—	—	(5,234)
Reclassified to other payables	—	—	—	(17,005)	—	(17,005)
Interest capitalised	—	—	14,224	—	—	14,224
Interest expense	40,812	—	173,517	9,508	22,379	246,216
At 31 August 2022	4,123,659	1,871,914	208,294	143,503	401,423	6,748,793

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023	2022
	RMB'000	RMB'000
Within operating activities	**71,769**	4,128
Within investing activities	**249,256**	625,086
Within financing activities	**32,714**	27,959
	353,739	657,173

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2023	2022
	RMB'000	RMB'000
Financial assets at amortised cost:		
Cash and cash equivalents	**2,827,722**	2,725,264
Financial assets included in prepayments, deposits and other receivables	**685,454**	1,224,048
Trade receivables	**104,591**	127,124
Pledged and restricted deposits	**100,008**	308,250
Amounts due from related parties	**45,399**	551,647
	3,763,174	4,936,333

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	2023 RMB'000	2022 RMB'000
Financial liabilities at fair value through profit or loss:		
Convertible bonds	**2,183,887**	1,871,914
Financial liabilities at amortised cost:		
Trade payables	**48,167**	58,579
Amounts due to related parties	**83,573**	543,779
Interest-bearing bank and other borrowings	**3,473,013**	4,123,659
Lease liabilities	**149,826**	143,503
Liability of a put option granted to a shareholder	**332,238**	313,098
Financial liabilities included in other payables and accruals	**3,023,756**	3,321,094
	7,110,573	8,503,712

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	**7,520**	36,193	**7,520**	36,193
Other receivables, non-current portion	**105,417**	64,140	**105,417**	64,140
	112,937	100,333	**112,937**	100,333
Financial liabilities				
Other payables, non-current portion	**513,718**	572,033	**513,718**	572,033
Liability of a put option granted to a shareholder	**332,238**	313,098	**332,238**	313,098
Convertible bonds	**2,183,887**	1,871,914	**2,183,887**	1,871,914
Interest-bearing bank loans, non-current portion	**1,834,662**	1,562,915	**1,891,250**	1,588,139
	4,864,505	4,319,960	**4,921,093**	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 and the non-current portion of financial assets included in prepayments, deposits and other receivables by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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

The fair values of the non-current interest-bearing bank and other borrowings, and the non-current other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current financial liabilities as at 31 August 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 31 August 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	63.32% (2022: 55.40%)	5% increase/decrease in multiple would result in increase/decrease in fair value by Nil/Nil
		Discount rate	13.96% (2022: 12.53%)	5% increase/decrease in multiple would result in decrease/increase in fair value by RMB314,000/RMB315,000

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

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2023				
Convertible bonds	—	—	**2,183,887**	**2,183,887**
As at 31 August 2022				
Convertible bonds	—	—	1,871,914	1,871,914

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

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2023				
Pledged and restricted deposits, non-current portion	—	7,520	—	7,520
Other receivables, non-current potion	—	—	105,417	105,417
	—	7,520	105,417	112,937
As at 31 August 2022				
Pledged and restricted deposits, non-current portion	—	36,193	—	36,193
Other receivables, non-current potion	—	—	64,140	64,140
	—	36,193	64,140	100,333

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

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2023				
Interest-bearing bank loans, non-current portion	**—**	**—**	**1,891,250**	**1,891,250**
Liability of a put option granted to a shareholder	**—**	**—**	**332,238**	**332,238**
Other payables, non-current potion	**—**	**—**	**513,718**	**513,718**
	—	**—**	**2,737,206**	**2,737,206**
As at 31 August 2022				
Interest-bearing bank loans, non-current portion	—	—	1,588,139	1,588,139
Liability of a put option granted to a shareholder	—	—	313,098	313,098
Other payables, non-current potion	—	—	572,033	572,033
	—	—	2,473,270	2,473,270

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and financial assets included in prepayments, deposits, other receivables and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other payables and accruals, amounts due from related parties and amounts due to related parties, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's interest-bearing bank and other borrowings. The interest rates and terms of repayments of the borrowings are disclosed in note 27 to the financial statements. The Group manages its interest rate exposure arising from its interest-bearing bank loans through the use of fixed rates.

The Group does not consider that it has any significant exposure to the risk of changes in market interest rates as the Group does not have any long-term receivables and loans which are subject to floating interest rates.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group had currency exposures from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds. The Group has used a foreign exchange option combo contract to reduce the exposure to HK$ arising from the borrowings. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and HK$, with all other variables held constant, of the Group's profit after tax.

	Increase/ (decrease) in US$/HK$ rate%	Increase/ (decrease) in profit after tax RMB'000
At 31 August 2023		
If the RMB weakens against US$	**(0.5)**	**(10,584)**
If the RMB strengthens against US$	**0.5**	**10,584**
If the RMB weakens against HK$	**(0.5)**	**(1,446)**
If the RMB strengthens against HK$	**0.5**	**1,446**
At 31 August 2022		
If the RMB weakens against US$	(0.5)	(7,847)
If the RMB strengthens against US$	0.5	7,847
If the RMB weakens against HK$	(0.5)	(1,777)
If the RMB strengthens against HK$	0.5	1,777

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. Deposits are mainly placed with licensing banks which are all financial institutions of high credit quality. The Group's maximum exposure to credit risk refers to the carrying amounts of cash and cash equivalents, trade and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and fiscal year-end staging classification as at 31 August 2023 and 2022. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2023					
Financial assets included in prepayments, deposits and other receivables					
— Normal**	374,933	—	—	—	374,933
— Doubtful**	—	4,961	486,260	—	491,221
Cash and cash equivalents	2,827,722	—	—	—	2,827,722
Pledged and restricted deposits	100,008	—	—	—	100,008
Trade receivables*	—	—	—	104,591	104,591
Amounts due from related parties	45,399	—	—	—	45,399
	3,348,062	4,961	486,260	104,591	3,943,874

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2022					
Financial assets included in prepayments, deposits and other receivables					
— Normal**	485,388	—	—	—	485,388
— Doubtful**	—	143,349	595,311	—	738,660
Cash and cash equivalents	2,725,264	—	—	—	2,725,264
Pledged and restricted deposits	308,250	—	—	—	308,250
Trade receivables*	—	—	—	127,124	127,124
Amounts due from related parties	551,647	—	—	—	551,647
	4,070,549	143,349	595,311	127,124	4,936,333

* For trade receivables to which the Group applies the simplified approach for impairment, the expected loss allowance for these balances was not material during the reporting period.

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

As at 31 August 2023 and 2022, substantially all of the bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes that they are of high credit quality without significant credit risk.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

All of the trade receivables, other receivables and amounts due from related parties have no collateral or guarantee, except for the loans and interest receivables from third parties (note 22(a)). The Group assesses the credit quality of the counterparties by taking into account their financial position, credit history of failure to make payments on their contractual due date, the existence of forecast changes in the market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follows up on disputes or amounts overdue, if any. Further quantitative data in respect of the Group's exposure to credit risk arising from these receivables with no collateral or guarantee are disclosed in note 21 and note 22(d) to the financial statements.

For loans and interest receivables from the third parties with collaterals (note 22(a)), management is of the opinion that the expected cash flows determined by independent qualified valuers to receive from the sale of collaterals held, discounted at an approximation of the original effective interest rate, are lower than the aggregate amounts of the loans and the interest receivables with collateral. Further quantitative data in respect of the Group's exposure to credit risk arising from these loans and interest receivables are disclosed in note 22(a) to the financial statements.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

At the end of the reporting period, the Group had certain concentrations of credit risk as 8% (2022: 38%) of the Group's trade receivables were due from the government agencies, within the domestic education segment. The Group has delegated a team responsible for the determination of monitoring procedures to ensure that there will be a follow-up action to recover these trade receivables.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, convertible bonds and lease liabilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 August 2023					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Convertible bonds	—	—	2,331,553	—	—	2,331,553
Interest-bearing bank and other borrowings	—	771,535	906,375	2,061,032	—	3,738,942
Financial liabilities included in other payables and accruals	2,965,941	140,664	415,834	327,979	304,800	4,155,218
Lease liabilities	—	8,122	25,554	101,967	36,275	171,918
Trade payables	—	27,625	20,542	—	—	48,167
Amounts due to related parties	83,573	—	—	—	—	83,573
	3,049,514	947,946	3,699,858	2,490,978	341,075	10,529,371

	31 August 2022					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Convertible bonds	—	—	—	2,282,178	—	2,282,178
Interest-bearing bank and other borrowings	3,570	523,329	2,119,750	1,853,391	—	4,500,040
Financial liabilities included in other payables and accruals	3,015,866	124,745	419,237	328,040	391,950	4,279,838
Lease liabilities	—	5,938	18,027	101,072	9,485	134,522
Trade payables	—	13,722	44,857	—	—	58,579
Amounts due to related parties	543,779	—	—	—	—	543,779
	3,563,215	667,734	2,601,871	4,564,681	401,435	11,798,936

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group will minimise the capital expenditure and renew or extend its short-term loans as part of capital management.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 August 2023 and 2022.

The debt-to-asset ratio as at the end of the year is as follows:

	2023 **RMB'000**	2022 RMB'000
Total liabilities	**13,861,671**	14,265,244
Total assets	**22,301,405**	22,313,069
Debt-to-asset ratio	**62%**	64%

40. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 August 2023, the Group entered into a sale and purchase agreement to dispose of its entire interests in Hebi Hongyi and Hebi Automotive, to an independent third party, as further detailed in note 20 to the financial statements. The disposal was completed on 4 September 2023.

(b) On 26 September 2023, 190,000,000 share options were granted to certain employees of the Company, as further detailed in note 31 to the financial statements. Further information can be referred to the Company's announcements dated 26 September 2023 and 3 October 2023.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2023	2022
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Due from subsidiaries	**4,689,311**	4,025,846
Investments in subsidiaries	**1,266,612**	1,726,774
Pledged and restricted deposits	**—**	260,000
Total non-current assets	**5,955,923**	6,012,620
CURRENT ASSETS		
Prepayments and other receivables	**192**	22,085
Cash and cash equivalents	**85,301**	306,011
Due from subsidiaries	**2,084,567**	1,275,313
Total current assets	**2,170,060**	1,603,409
CURRENT LIABILITIES		
Other payables and accruals	**38,365**	52,191
Amount due to a subsidiary	**2,119,077**	2,119,077
Interest-bearing bank and other borrowings	**85,579**	—
Amount due to a related party	**514**	355,922
Total current liabilities	**2,243,535**	2,527,190
NET CURRENT LIABILITIES	**(73,475)**	(923,781)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**473,156**	—
Total non-current liabilities	**473,156**	—
NET ASSETS	**5,409,292**	5,088,839
EQUITY		
Issued capital	**559**	545
Reserves (note)	**5,408,733**	5,088,294
Total equity	**5,409,292**	5,088,839

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 September 2021	5,218,954	93,291	16,352	5,328,597
Loss and total comprehensive loss for the year	—	—	(48,888)	(48,888)
Issue of shares upon the exercise of share options — 2018 Pre-IPO Share Option Scheme	57,017	(16,391)	—	40,626
Equity-settled share option — 2022 Share Option Scheme	—	26,890	—	26,890
Final 2021 dividend declared	(258,931)	—	—	(258,931)
At 31 August 2022 and 1 September 2022	5,017,040	103,790	(32,536)	5,088,294
Profit and total comprehensive income for the year	—	—	172,598	172,598
Issue of shares upon the exercise of share options — 2022 Share Option Scheme	114,645	(28,579)	—	86,066
Equity-settled share option — 2022 Share Option Scheme	—	61,775	—	61,775
At 31 August 2023	**5,131,685**	**136,986**	**140,062**	**5,408,733**

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 November 2023.

DEFINITIONS

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

"2018 Pre-IPO Share Option Scheme"	The 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on 18 March 2018 for the benefit of, amongst others, our Group's directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers, a summary of the principal terms of which is set out in "Appendix V — Statutory and General Information" of the Prospectus
"Board" or "Board of Directors"	The board of Directors of the Company
"Business Day"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CG Code" or "Corporate Governance Code"	The code on corporate governance practices set out in Appendix 14 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"College of Science and Technology"	Guizhou Qiannan College of Science and Technology* (貴州黔南科技學院)
"Company" or "our Company"	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
"Director(s)"	The directors of our Company
"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
"HK$" or "Hong Kong Dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates

"Listing"	The listing of the Company's Shares on the Main Board
"Listing Date"	3 August 2018, the date on which the Company's Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A"	Mergers and acquisitions
"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
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	The year ended 31 August 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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 Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
"Sichuan Hope Education"	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Tequ Education"	Sichuan Tequ Education Management Limited* (四川特驅教育管理有限公司), a limited liability company established under the laws of PRC on 30 November 2017 following the division under reorganization, the shareholding of which largely mirrors that of Hope Education and is indirectly controlled by Mr. Wang Huiwu
"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