China General Education Group Limited
中国通才教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2175)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2022

The board of directors (the "**Board**") of China General Education Group Limited (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 August 2022 (the "**Annual Results**"). This announcement, containing full text of the 2022 annual report of the Company, complies with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcements of the Annual Results.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the Company's management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the consolidated financial statements of the Group for the year ended 31 August 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement of the Annual Results and the 2022 annual report are available on the websites of the Stock Exchange at http://www.hkexnews.hk and of the Company at http://chinageg.cn.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 29 November 2022. Trading in the shares of the Company will remain suspended until further notice.

By order of the Board
China General Education Group Limited
NIU Xiaojun
Executive Director

Hong Kong, 7 June 2024

As at the date of this announcement, the executive directors of the Company are Mr. Niu Xiaojun and Ms. Zhang Zhonghua; and the independent non-executive directors of the Company are Mr. Zan Zhihong, Mr. Hu Yuting and Mr. Wong Chi Wah.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Niu Sanping *(resigned on 27 May 2024)*
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent Non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Wong Chi Wah *(appointed on 20 July 2022)*
Mr. Yau Wai Man Philip *(resigned on 20 July 2022)*

AUDIT COMMITTEE

Mr. Yau Wai Man Philip
(Chairman, resigned on 20 July 2022)
Mr. Wong Chi Wah *(Chairman, appointed on 20 July 2022)*
Mr. Zan Zhihong
Mr. Hu Yuting

REMUNERATION COMMITTEE

Mr. Hu Yuting *(Chairman)*
Mr. Wong Chi Wah *(appointed on 20 July 2022)*
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Yau Wai Man Philip *(resigned on 20 July 2022)*

NOMINATION COMMITTEE

Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Zan Zhihong
Mr. Hu Yuting

COMPANY SECRETARY

Mr. Zhang Senquan

HONG KONG LEGAL ADVISOR

Morgan, Lewis & Bockius

AUTHORISED REPRESENTATIVES

Mr. Niu Xiaojun *(appointed on 27 May 2024)*
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Zhang Senquan

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2175

HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

No. 99 Wucheng South Road
Xiaodian District
Taiyuan City
Shanxi Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

REGISTERED OFFICE

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Hibiscus Way
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Grand Cayman KY1-1205
Cayman Islands

COMPANY'S WEBSITE

http://chinageg.cn

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

P.O. Box 31119
Grand Pavilion
Hibiscus Way
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Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

PRINCIPAL BANKER

Shanghai Pudong Development Bank
Taiyuan City, High-tech Industrial
Development Zone Branch

Financial Highlights and Summary

FINANCIAL RESULTS

	Year ended 31 August				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**305,883**	289,262	271,083	266,273	267,361
Gross Profit	**164,174**	171,927	163,936	157,799	171,052
Profit for the year attributable to the owners of the Company	**103,187**	129,759	142,761	137,594	144,754

ASSETS AND LIABILITIES

	As at 31 August				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**969,675**	1,090,196	420,532	489,178	414,347
Current liabilities	**282,282**	311,260	103,056	329,183	326,582
Net current assets	**687,393**	778,936	317,476	159,995	87,765
Total non-current assets	**876,222**	795,185	751,725	755,971	690,623
Total equity	**1,563,615**	1,574,121	1,069,201	915,966	778,388

FINANCIAL RATIOS

		Year ended/As at 31 August				
		2022	2021	2020	2019	2018
	Notes	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Gross profit margin		**53.7%**	59.4%	60.5%	59.3%	64.0%
Net profit margin		**33.7%**	44.9%	52.7%	51.7%	54.1%
Return on assets	(1)	**5.6%**	6.9%	12.2%	11.0%	13.1%
Return on equity	(2)	**6.6%**	8.2%	13.3%	15.0%	18.6%
Current ratio	(3)	**343.5%**	350.3%	408.1%	148.6%	126.9%

Notes:

(1) Return on assets equals net profit for the year divided by total assets as of the end of the year.

(2) Return on equity equals net profit for the year divided by total equity amounts as of the end of the year.

(3) Current ratio equals current assets divided by current liabilities as of the end of the year.

Executive Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China General Education Group Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") from 1 September 2021 to 31 August 2022 to all shareholders of the Company (the "**Shareholders**").

After thousands of days and nights of unremitting efforts and continuous struggle, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021, which made it become the first listed Shanxi-based higher education enterprise in the Hong Kong stock market in 2021, and laid an important milestone for the development of the Group. Meanwhile, we operated Shanxi Technology and Business College (山西工商學院) (the "**College**") in Taiyuan City, Shanxi Province, the People's Republic of China (the "**PRC**") and the school size of our College was also stably expanded.

For the year ended 31 August 2022 (the "**Year**"),

- there were 18,021 students enrolled in total in our College, representing a year-on-year increase of 4.6%.
- the average tuition fee of our College was RMB15,508.4, representing a year-on-year increase of 1.14%.
- our revenue increased year-on-year by 5.7% or approximately RMB16.6 million.
- our gross profit decreased year-on-year by 4.5% or approximately RMB7.7 million.
- net profit for the Year was mainly affected by credit impairment losses and fund impairment losses, decreased year-on-year by 20.5% or approximately RMB26.6 million.

During the Year, the Group has undergone comprehensive development and its position in the industry has been steadily improved. Our College has been awarded the honorary title of "Advanced Unit for Safe Campus" by five ministries and commissions including the Shanxi Provincial Department of Education and the Department of Public Security for more than ten consecutive years. The educational quality and management capabilities of our College have received increasing recognition and affirmation from all walks of life.

First, we continued to improve our education and teaching systems. In adherence to the concept of "management + professionalism" in the whole-process education and teaching, we highlighted the "Big Business" schooling characteristics and devoted ourselves to nurturing high-quality versatile talents who possess professional knowledge and management competence. Based on the national standards for undergraduate professional education, we set up five major business platform courses including economics, statistics, finance, management and economic law, laying a solid foundation for the implementation of liberal education and professional streaming as well as the realization of "Big Business" talent nurturing. Sticking to our local and application-based orientation, we actively focus on the national development strategies and Shanxi's socioeconomic development needs, align with the local economic and industrial structure layout, and constantly optimize the structure of our academic disciplines. During the Year, we have added one new undergraduate major, resource and environmental economics. The undergraduate majors in our College covered eight major disciplines, namely management, economics, engineering, arts, literature, education, law and science as well as the "three major professional groups", namely modern commerce, modern culture and tourism, health and people's livelihood. Significant results have been achieved in the optimization and adjustment of academic disciplines.

We believe that only by keeping a keen and forward-looking view on the market development trend can we better set up majors that are beneficial to students' employment prospects. The Group will regard such approval of new majors as an important opportunity to further integrate and optimize its teaching resources, strengthen the connotation construction of new majors, and continuously improve the quality of academic disciplines construction and the standard of talent nurturing.

Second, we explored deeply the integration of industry and teaching. In December 2020, our College undertook and completed the preparation of the "14th Five-Year Plan for Shanxi Province's E-Commerce". Establishing industrial colleges is a significant step for the Group in the establishment of an education system that integrates industry and teaching. The College's industry-education integration work is oriented towards the construction of applied undergraduate programmes and education and teaching review and evaluation requirements. It focuses on industrial colleges, school-enterprise cooperation, and school-local cooperation. It extensively connects cooperative enterprises, improves the restraint and incentive system for industry-education integration, and accelerates the development of industry-education integration platform. The platforms for industry-education integration in the College include three categories: (1) Industrial colleges. According to the College's industrial college development requirements in 2021, the School of Accounting, the School of Preschool Education, the School of Media, the School of Finance, and the School of Business will serve as the college's first batch of leading development units of the industrial colleges. The schools will be respectively developed into five industrial colleges: the Intelligent Accounting Industrial College, Huayou Industrial College, New Media Industrial College, Finance, Taxation and Financial Technology Industrial College, and Cross Border E-Commerce Industrial College. Through the development of industrial colleges, a new practical teaching model of "real projects, integration of learning and doing, and diversified training" has been established to cultivate applied, compound, and innovative talents that meet industrial development. An approval was obtained from the Shanxi Provincial Department of Education for the establishment of the Industrial College of Cross Border E-Commerce which is a quality and efficiency enhancement project under the "1331 Project" in Shanxi Province. We have also passed the review of the experts from the Ministry of Industry and Information Technology in relation to the Employment, Entrepreneurship and Innovative Practice Demonstration Base Project, and become the first undergraduate college that offers programmes majoring in cross border e-commerce and owns the Industrial College of Cross Border E-Commerce. (2) School-enterprise cooperation. As of 31 August 2022, the College has signed a total of 177 school-enterprise cooperation contract units. The cooperative companies cover 44 majors and directions across the College, providing internships, employment, co-curriculum and other resources for students in the College. (3) School-local cooperation. In accordance with the working idea of "invite in and go out", the College has strengthened exchanges and cooperation with the government and industry associations, further broadened the vision of industry and education to develop a large pattern of industry and education, and built a platform for students' internship training and teachers' scientific research, so as to further improve the social service level of our College.

At the same time, the Group has established new vocational education as the main line of development, deepened the integration of industry and education through internal construction and layout of school-enterprise cooperation, external mergers and acquisitions, and government-enterprise cooperation, and carried out vocational training and extended it to lifelong education. At the same time, relying on the experience and results of group-based school running, we are extending the service boundaries and developing vocational and general education integration business. In the future, through business models such as industrial colleges, internship and training, and industry-school connection, we will expand from vocational education services to industry-education integration services, and ultimately become a professional talent service provider from "academics" to "employment".

Executive Statement

The future is vast and magnificent. The road to quality development in a new era is setting sail. Looking forward, the Group will continue its endeavours to boost organic growth and seek external mergers and acquisitions, emphasize both the academic education and vocational education, seize the historic opportunities in the all-round and high-quality development of Shanxi Province and achieve new breakthroughs in the process of establishment of a leading private university in China. In particular, the development strategies of our Group are:

The first is to adhere to the mission of "work conscientiously to cultivate qualified talent for society (兢兢業業為社會培養合格人才)", in order to be better oriented towards the regional economic and social development, by optimizing our own business, cooperating with local enterprises, and fully tapping various resources from all sectors. We will also deepen the integration of industry and education so as to continuously improve the quality and level of talent cultivation for the local and regional development.

The second is to review tuition fees, optimize the pricing and increase student enrollment on an ongoing basis to enhance profitability. We will also improve the operating conditions as well as enhance qualifications of teachers and training capacity, aiming to build our College into a private high-level application-oriented university.

The third is to consolidate our competitive advantages and continue to expand diversified curriculums. We will focus on the development of application-oriented generalist education. Seizing the good opportunities of the publications of "Implementation Rules for the Law for Promoting Private Education (《民辦教育促進法實施條例》)" and "Opinions 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》)", we will vigorously explore the development of vocational education.

The Group's achievements owe a great deal to the support of the Shareholders. On behalf of the Group, I would like to take this opportunity to express my gratitude to all of you. The Group will continue to stick to the belief of quality education in its management and operation in the future, take pride in our employees, deepen the private education industry and build an outstanding private higher education group in China so as to create stable returns for the Shareholders.

Thank you!

Niu Xiaojun
Executive Director

7 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

Business Overview

We are a leading provider of private higher education in Shanxi Province, China. According to the research by Frost & Sullivan, we ranked first among all private higher education institutions in Shanxi Province in terms of student enrollment in private undergraduate colleges in the 2021/2022 school year, with a market share of 16.1%. In 2011, our College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. Our solid reputation and extensive expertise in the private higher education sector have allowed us to continue to grow our College since then. The total number of students enrolled at our College has grown from approximately 8,000 students in the 2011/2012 school year to 18,021 students in the 2021/2022 school year. All students enrolled in our College were full-time students and most of our students enrolled were boarding students except for very few students who were approved by us to live off campus for personal reasons. As of 31 August 2022, we employed 602 full-time teachers and 641 part-time teachers. During the Year, the total number of undergraduate majors and concentrations in our College reached 44. As of 31 August 2022, our College operated two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 481,504 sq. m. and building space of approximately 399,311 sq. m.

As a higher education service provider, we are dedicated to (i) building our College into a modern institution of higher education with superior quality; and (ii) equipping our students with readily applicable skills that meet the ever-changing demands of the job market.

We focus on providing application-oriented education to equip our students with practical skills relevant to careers. We continue to optimize our course offerings and practical training programs to provide our students with the readily applicable skills. We offer mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. We reinforce our application-oriented course offerings with meaningful collaboration with companies in private industry ranging from joint development and delivery of entire courses and construction of simulated work-environment training bases on our campuses, to inviting industry experts and visiting lecturers and helping arrange internship and practical training opportunities for our students. We believe our emphasis on developing advanced, career-focused skill sets helps make our students more appealing to potential employers. The implementation rate of graduation destinations for graduates of our College for 2021/2022 school year reached approximately 91.76%, ranking first in the province.

COVID-19 Pandemic and Effects on Our Business

From 1 September 2021 to 31 August 2022, there was no significant operational and financial impact by the COVID-19 pandemic. The beginning of the 2021/2022 school year was not delayed for new students, who were mainly offered offline courses. Our College collected tuition fees and boarding fees on time. During the Year, in order to ensure the safety of teachers and students, our College actively encouraged and arranged for teachers and students to receive COVID-19 vaccine and conducted many nucleic acid tests for all the people.

Enrollment

In the 2021/2022 school year, the overall number of full-time enrolled students of our College reached 18,021, representing an increase of 4.6% as compared to that of the 2020/2021 school year. Such increase in the number of enrolled students was mainly due to new courses with better employment prospects added and increase of admission quota in the 2021/2022 school year. In the 2021/2022 school year, our College newly enrolled 5,267 students, representing an increase of 8.8% over the 2020/2021 school year.

The following table sets forth information relating to the total student enrollment, newly-enrolled students and admission quota of our College for the school years indicated:

	School year		Change	
	2021/2022	2020/2021	**Change**	**Percentage change**
Total student enrollment [1][2]	**18,021**	17,233	788	4.6%
Newly-enrolled students [1][2]	**5,267**	4,841	426	8.8%
Admission quota	**5,500**	5,000	500	10.0%

Notes:

(1) The student enrollment and newly-enrolled students information for the school years indicated was based on the internal records of our College. Total student enrollment includes newly-enrolled students and returning students.

(2) Our school year generally ends in July, before which the current year's graduate data of the student status system will be gradually removed, therefore, we use 30 June as a benchmark point in time to determine and present the enrollment figures in our annual report, and the student enrollment figures listed here for the 2021/2022 school year are the number of students as of 30 June of such school year.

(3) The number of new students our College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, and subject to subsequent adjustment by such authorities after admitting prospective students based on students' listed preferences and the scores they obtained. The original admission quota and any subsequent adjustments made by the relevant education authorities are beyond our control.

Tuition Fees Standards

The following table sets forth the average tuition fee for our College for the periods indicated:

	School Year			
	2021/2022	2020/2021	**Change**	**Percentage change**
	RMB	RMB	**RMB**	**%**
Average Tuition Fee	**15,508.4**	15,333.9	174.46	1.14

The following table sets forth the number of our students who participated in the undergraduate programs offered by our College for the 2021/2022 school year and the 2020/2021 school year:

	School Year	
	2021/2022	2020/2021
Undergraduate program	**18,021**	17,233

Notes:

(1) The number of students enrolled for the school years 2021/2022 and 2020/2021 listed here have the same meaning as the above table.

(2) The number of students includes the number of (i) students who were admitted to four-year undergraduate programs by taking the National Higher Education Entrance Examination; (ii) students who were admitted after graduating from junior colleges and continue their study at our College as third-year undergraduate students; and (iii) students who were admitted after graduating from secondary vocational schools.

(3) The undergraduate enrollment plan in the 2021/2022 school year was 5,500 students, representing an increase of 500 students as compared to the 2020/2021 school year, and the actual number of students enrolled is 5,267.

Future Outlook and Business Strategies

In terms of total full-time student enrollment, according to the Frost & Sullivan's data, the Group ranks the first among all private higher education institutions in Shanxi Province with a market share of 16.1% for the 2021/2022 school year, which puts us in a favorable position.

Shanxi Province is one of the economically underdeveloped provinces in China where higher education resources in the province are relatively scarce. It is however growing at a rapid rate. The private higher education industry in Shanxi Province is also growing rapidly. In 2021, one independent college in Shanxi Province was transformed to become a public higher education institution according to the "Report of Department of Education of Shanxi Province on the Transfer of Independent Colleges" (《山西省教育廳關於全省獨立學院轉設的報告》) and "Jiaofahan (2021) No. 10" document. After an adjustment period to such transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain steady growth. We believe that the Group can benefit from the increasing demand for private higher education.

We intend to continue to expand our business and school network. To achieve our goals, we plan to pursue the following business strategies: (i) increase our College's capacity and student number and improve the teaching and living environment by building new facilities; (ii) expand our operations through acquisition; (iii) further improve and diversify our curriculum offerings and course design and continue to provide practical training to our students; (iv) expand the scope of our educational service offerings to capture additional growth opportunities; and (v) continue to build and improve our highly qualified teaching team.

With a view to creating synergies with our College in China and complying with the Qualification Requirement as further described in the section headed "Contractual Arrangements" in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"), we also plan to expand our network abroad by establishing a degree-granting higher education institution in the State of California in the United States (the "**US School**") offering bachelor of science in business administration program and bachelor of science in marketing program. We have engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education licensing services, to assist us in establishing General Business University of California Incorporated, the operating entity for the US School, and filing applications with the Bureau for Private Postsecondary Education regarding the establishment of the US School in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), our Company's application to operate a degree-awarding higher education institution in California, USA, was rejected. We are actively looking for new agents to solve this problem. The Company believes that these problems will not have a significant impact on our operations.

Latest Regulatory Developments

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the "**2016 Decision**"), which became effective on 1 September 2017, private schools will no longer be 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 the schools providing compulsory education must be non-profit. The school sponsors of for-profit private schools are allowed to receive income from the operation of the school and the balance of running such schools. By contrast, the school sponsors of non-profit private schools are prohibited from receiving income from the operation of the school and the balance of running such schools shall be only used for the operation of the schools. In addition, for-profit private schools are entitled to have discretion in determining the fees collected from the students in accordance with the market conditions while the fee collection of non-profit private schools shall be subject to provincial government regulation. For details of the 2016 Decision, including the key differences between a for-profit private school and a non-profit private school under the 2016 Decision, please see "Regulatory Overview – Regulations on Private Education in the PRC – The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education" of the Prospectus.

On 11 July 2018, the General Office of the People's Government of Shanxi Province promulgated Several Opinions of the General Office of People's Government of Shanxi Province on Supporting and Regulating the Development of Education by Social Forces and Promoting the Healthy and Orderly Development of Private Education (《山西省人民政府辦公廳關於支援和規範社會力量興辦教育促進民辦教育健康有序發展的若干意見》), according to which, school sponsors can freely elect to establish for-profit schools or non-profit schools with the exception that private schools providing compulsory education must be non-profit. Sponsors of non-profit private schools do not obtain school operating income, and operating balances are all used for running schools; for-profit private schools sponsors can obtain school operating income, and distribution of the school balances are based on relevant state regulations. Private schools which provided education services other than compulsory education and were approved for establishment before 7 November 2016 can freely elect to establish for-profit schools or non-profit schools, the re-registration shall be completed within five years from July 2018 which was confirmed in our interview with the Department of Education of Shanxi Province.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province, the Department of Civil Affairs of Shanxi Province, the Office of the Organization Committee of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures of Classified Registration of Private Schools in Shanxi Province (《山西省民辦學校分類登記實施辦法》) (the "**Shanxi Measures**"), which includes the requirements and procedures of approval for establishment, classified registration, change of registered events, termination and cancelation of registration, classified registration of existing private schools. For an existing private school, if it chooses to register as a non-profit private school, it shall amend its articles of association in accordance with the relevant laws, continue its school operation, and complete the new registration formalities; if it chooses to register as for-profit private school, it shall make financial settlement, clarify the ownership of the schools' land, buildings and accumulations and pay the relevant taxes and fees, the capital contribution of the sponsor before the liquidation shall be the paid-in capital, the asset appreciation, school accumulation, creditor or debtor's rights and obligations shall be borne by the private school after the re-registration unless otherwise specified, the private school shall also apply for registering as a for-profit private school and obtain the permit for operating a private school, and then register with the local branch of the State Administration for Market Regulation.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province (《山西省營利性民辦學校監督管理實施辦法》), which resembles the rules at the national level to a large extent.

According to the Notice on Further Standardizing the Collection of Education Fees of Non-Profit Private Schools (《關於進一步規範非營利性民辦學校學歷教育收費的通知》), which was jointly promulgated by the Development and Reform Commission of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province on 29 October 2019, the education fees collected by non-profit private schools include tuition fees and boarding fees, and non-profit private schools can refer to the relevant regulations of public schools at the same level to provide students with optional service charge items and substitute charge items on the premise of students' willingness. For tuition fees and boarding fees, if they are included in the Shanxi Provincial Price Catalog, the fees are decided by the government, if not, the non-profit private schools can decide independently. Pursuant to the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province, the items and standards charged by for-profit private schools are determined independently by the school based on factors such as school cost and market demand and shall disclose to the public.

During the Year, our College has received a notice from the Department of Education of Shanxi Province and other relevant authorities for us to choose for-profit/non-profit private schools. As of 31 August 2022, we have officially applied for the registration of our College as a for-profit private school, and the relevant materials are still under approval.

In the event that our College successfully registers as a for-profit private school, the potential impact of the 2016 Decision includes the following:

- the rights and interests of the sponsors of our College will be protected in more definitive and favorable ways: the 2016 Decision provides that the school sponsors of for-profit private schools can obtain the schools' operating profits, and the remaining assets upon liquidation after the settlement of the school's indebtedness in accordance with the PRC Company Law and other relevant laws and administrative regulations, and the standards and types of the fees should be publicized to the public and subject to supervision by relevant competent authorities;

- our College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If our College is registered as a for-profit private school, our College would be entitled to make its own decisions about the standards and types of the fees to be charged by our College based on our College's operating costs and market demand;

- our College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;

- there may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and

- our College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

According to our consultation with the Department of Education of Shanxi Province which is the competent authority to confirm such matters as advised by our PRC legal advisors, (i) before we elect for our College to be a for-profit private school, the current articles of association of our College will continue to be legal, effective and enforceable, and our College can operate in accordance with it; and (ii) non-profit schools are expected to enjoy more favorable policies. As advised by our PRC legal advisors, despite the aforesaid implementing rules relating to 2016 Decision, there remain uncertainties in the interpretation and implementation of the 2016 Decision with respect to various aspects of the operations of a for-profit school and whether such implementation regulations would have any material adverse impact on our business. In particular, (i) specific procedures regarding the conversion of an existing private school into a for-profit school have not yet been promulgated by local authorities in Shanxi Province; and (ii) specific conditions or requirements in respect of any preferential tax treatment and the treatment of the land use rights which for-profit schools may enjoy have not been promulgated by relevant authorities. In addition, there are uncertainties regarding the interpretation and enforcement of the 2016 Decision and relevant regulations by government authorities.

Our Directors understand that the specific provisions have not yet been promulgated and there currently is no timeline for implementation. However, taking into account that (i) our College was legally established in 2006 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan Data, our Group was the largest private higher education institution in terms of full-time student enrollment in Shanxi Province with a market share of 16.1% in the 2021/2022 school year, our Directors consider that our College's situation will be a factor to be taken into account when the local government formalizes such specific provisions and it would be unlikely that they would impose any special provisions which our College would not be able to achieve.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services provided during the Year. The Group's revenue comes from tuition fees and boarding fees collected by the College from students.

For the Year, the Group's revenue was approximately RMB305.9 million (2021: RMB289.3 million), representing an increase of approximately RMB16.6 million or approximately 5.7%. The increase was mainly due to: (i) the increase in the revenue from tuition fees by approximately RMB15.2 million or approximately 5.8% to approximately RMB279.5 million for the Year (2021: approximately RMB264.3 million) as a result of the expansion of enrollment scale and the addition of new majors with better employment prospects in the current school year; and (ii) the increase in the revenue from boarding fees by approximately RMB1.4 million or approximately 5.6% to approximately RMB26.4 million (2021: RMB25.0 million) as a result of the expansion of enrollment scale in the current school year.

Cost of sales

The Group's cost of sales primarily consists of salary costs (including basic salaries, social security contributions, bonuses and benefits for our teaching staff), depreciation and amortization, utilities expenses, maintenance costs, teaching expenses (including educational supplies, training expenses, research and development costs), student activity costs, office allowances, and others (including traveling and accommodation expenses for teaching staff).

The Group's cost of sales for the Year amounted to approximately RMB141.7 million (2021: RMB117.3 million), representing an increase of approximately RMB24.4 million or approximately 20.8%. The increase in cost of sales was primarily due to (i) the increase in number of employees and the improvement in remuneration and benefit package for employees; (ii) the increase in utilities charges and maintenance costs; and (iii) the increase in teaching expenditures so as to provide better teaching services to our students.

Gross Profit and Gross Profit Margin

The Group's gross profit represents our revenue less cost of sales. The Group's gross profit margin represents the Group's gross profit as a percentage of our revenue.

The Group's gross profit for the Year amounted to RMB164.2 million (2021: RMB171.9 million), representing an decrease of approximately RMB7.7 million or approximately 4.5%. The Group's gross profit margin for the Year was approximately 53.7%, representing a decrease of approximately 5.8 percentage points as compared with last year. Such decrease was mainly due to the increase in the cost of sales more than the increase in revenue for the Year.

Other Income and Gains

The Group's other income and gains consist of bank interest income, interest income from financial products, examination and training income, government grant and others.

The Group's other income and gains for the Year amounted to approximately RMB22.2 million (2021: approximately RMB20.2 million), representing an increase of approximately RMB2.0 million or approximately 10.0%. The increase was mainly due to the increase in interest income from bank deposits.

Selling Expenses

The Group's selling expenses primarily consist of expenses incurred for relevant publicity of our College, including the cost of promotional brochures and advertising fees, etc.

There were no significant changes in selling expenses during the Year.

Administrative Expenses

The Group's administrative expenses primarily consist of salary expenses for administrative staff, logistic expenses (including the property management fees charged by an independent third party for providing property management, cleaning, greenery maintenance and garbage disposal services), depreciation of land for administrative purposes and amortization of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by our administrative staff for business trips), maintenance costs, tax and utilities expenses.

The Group's administrative expenses for the Year were approximately RMB70.1 million (2021: RMB61.5 million), representing an increase of approximately RMB8.6 million. This was mainly due to (i) the increase in personnel costs; (ii) the increase in fees for better services; (iii) the increase in consulting fees and audit fees; (iv) the increase in fees incurred in connection with redemption of funds.

Financing Costs

The Group's financing costs are primarily interest expenses on lease liabilities.

There were no significant changes in financing costs during the Year.

Impairment Loss on Other Receivables

The Group's impairment loss on other receivables primarily consist of the Group's bad debt losses, impairment losses and others.

The Group's impairment loss on other receivables for the Year were approximately RMB4.0 million (2021: nil), representing an increase of approximately RMB4.0 million. This was mainly due to the provision for bad debt losses of RMB4.0 million of 深圳卓辰投資管理有限公司 during the Year.

Other Expenses

The Group's other expenses primarily consist of gains or losses on disposal of assets of the College, exchange losses and fair value gains or losses on financial assets at fair value through profit or loss.

Other expenses increased by RMB8.8 million for the Year (2021: RMB0.6 million), representing an increase of approximately RMB8.2 million. It was mainly due to (i) an exchange loss of RMB5.4 million due to fluctuations in the exchange rates between the Hong Kong dollar, the RMB and the US dollar; (ii) a fair value loss of RMB2.8 million on financial assets at fair value through profit or loss due to the impact of the COVID-19 pandemic; and (iii) a loss or gain on disposal of assets of RMB0.6 million.

Income Tax Expenses

We did not incur any income tax expense for our operations for the Year.

Profit for the Year

As a result of the combined effects of the above revenue, costs and expenses for the Year, the Group recorded a profit of approximately RMB103.2 million (2021: RMB129.8 million), representing a decrease of approximately RMB26.6 million or approximately 20.5%.

Current Assets and Current Liabilities

As at 31 August 2022, the net current assets of the Group were approximately RMB687.4 million (2021: RMB778.9 million), representing a decrease of approximately RMB91.5 million. The decrease was mainly due to decrease in current assets as a result of the following factors: (i) as at 31 August 2022, the Group's cash and cash equivalents amounted to approximately RMB860.4 million (2021: RMB594.7 million), representing an increase of RMB265.7 million; (ii) as at 31 August 2022, financial assets at fair value through profit or loss amounted to approximately RMB0 million (2021: RMB473.2 million), representing a decrease of approximately RMB473.2 million, which was mainly due to the redemption of funds upon maturity by the Group during the Year; and (iii) prepayments, other receivables and other assets amounted to approximately RMB109.3 million as at 31 August 2022 (2021: RMB22.3 million), representing an increase of RMB87.0 million; current liabilities (iv) as at 31 August 2022, contract liabilities amounted to approximately RMB212.7 million (2021: RMB194.0 million), representing an increase of RMB18.7 million. This was mainly due to the early collection of tuition fees and boarding fees from students for the next year during the Year; and (v) as at 31 August 2022, other payables and accruals amounted to approximately RMB63.7 million (2021: RMB108.3 million), representing a decrease of RMB44.6 million.

Liquidity and Capital Resources

We have financed our capital expenditures and working capital requirements principally with cash generated from our operations for the Year. In the future, we believe that our liquidity requirements will be satisfied using a combination of cash flows generated from our operating activities and the net proceeds from the issue of new shares of the Company and other funds raised from the capital markets from time to time as needed. The Group's gearing ratio in 2022, represented by bank borrowings as a percentage of total equity, was 0% (2021: 0%).

Property, Plant and Equipment

As at 31 August 2022, the Group's property, plant and equipment amounted to approximately RMB755.6 million, representing an increase of RMB107.5 million from approximately RMB648.1 million as at 31 August 2021. Such increase was mainly due to the temporary transfer of No. 3 student apartments and No. 5 teaching buildings in Beige campus to fixed assets upon reaching their intended usable conditions during the Year, and the advance payment for the phase IV of the Beige campus was transferred to the construction in progress.

Cash and Cash Equivalents

As at 31 August 2022, the Group's cash and cash equivalents was approximately RMB860.4 million, representing an increase of approximately 44.7% from approximately RMB594.7 million as at 31 August 2021. The increase was mainly due to the combined effects of the following factors: (i) the increase in the numbers of students admitted during the Year; and (ii) certain wealth management products of the Group which were not renewed for maturity during the Year.

As at 31 August 2022, cash and cash equivalents denominated in RMB and HK$ amounted to RMB858.5 million and RMB1.9 million, respectively (2021: cash and cash equivalents denominated in RMB and HK$ amounted to RMB497.0 million and RMB97.7 million, respectively).

Capital Expenditures

Capital expenditures of the Group primarily related to the construction of the Beige campus, educational equipment and other intangible assets. For the Year, our capital expenditures amounted to RMB117.4 million (2021: RMB96.6 million).

Commitments

Our capital commitments primarily related to the acquisition of buildings and teaching facilities. The following table sets forth a summary of our capital commitments as of 31 August 2022 and 2021:

	At 31 August	
	2022	2021
	RMB'000	RMB'000
Contracted, but not provided for:		
Buildings	**131,674**	195,262
Teaching facilities	**34,064**	11,607
	165,738	206,869

Foreign Exchange Risk Management

For the Group's operation in the PRC, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises. For the Group's operation outside the PRC, the major revenue and expenses are denominated in local currencies.

Employees and Remuneration Policy

The Group had 1,681 employees (2021: 1,454 employees). The number of employees increased by 227 during the Year. The remuneration policy and package of the Group's employees, including bonuses and a share option scheme, are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by the Group for the Year was approximately RMB99.7 million (2021: RMB78.4 million), representing an increase of approximately RMB10.7 million.

Contingent Liabilities

As at 31 August 2022, the Group did not have material contingent liabilities.

Pledge of Assets

As at 31 August 2022, the Group did not pledge any assets.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries, associates and/or joint ventures for the Year.

Significant Investments

The Group did not hold any significant investments for the Year.

Future Plans for Material Investments or Capital Assets

With a view of reinforcing its leading position in Shanxi Province, the PRC and enhancing its reputation, the Group has planned a number of expansion projects with the use of proceeds from the Company's initial public offering. Further details of such expansion projects are set out under the section headed "Use of Net Proceeds from the Company's Initial Public Offering" in this annual report and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

Before the Company's listing, the Group has entered into a series of construction agreements for construction of Phase IV of our Beige campus of which some buildings are constructed by utilizing the net proceeds from the Company's initial public offering.

Other than those disclosed in this annual report, there was no plan authorised by the Board for material investments or additions of capital assets as at the date of this annual report.

Restricted Share Unit Scheme

The Company's restricted share unit scheme (the "**RSU Scheme**") was adopted by the Board on 13 January 2022 to (i) recognise the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

For more details of the RSU Scheme, please refer to the announcement of the Company dated 27 January 2022.

The Company entered into a trust deed on 8 February 2022 to appoint Futu Trustee Limited as the trustee to administer the RSU Scheme in accordance with the rules of the RSU Scheme. As of 31 August 2022, the trustee of the RSU Scheme, pursuant to the terms of the trust deed of the RSU Scheme, purchased on the Stock Exchange a total of 37,481,000 shares of the Company at a total consideration of approximately RMB123.1 million. No shares of the Company have been granted or agreed to be granted under the RSU Scheme since its adoption.

Pension Scheme

The Group participates in the central pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries established and operating in Mainland China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees. During the Year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Niu Xiaojun (牛小軍), aged 45, was appointed as an executive Director on 19 October 2020. Mr. Niu is responsible for the informatization of our Group. Mr. Niu is the nephew of Mr. Niu Sanping, a former executive Director who resigned on 27 May 2024, and cousin of Mr. Niu Jian, a former executive Director who resigned on 27 May 2024,.

Mr. Niu joined our Group in May 2004 and since then, he has been the director (總監) of equipment and information construction center of the College where he is responsible for the informatization construction of the College. Mr. Niu graduated from Shanxi Normal University with a bachelor degree in education technology in January 2009.

Ms. Zhang Zhonghua (張中華), aged 46, joined the Group in December 2006 and was appointed as an executive Director on 19 October 2020. Ms. Zhang is also a deputy principal of the College where she is responsible for human resources management, quality control and external affairs of the College.

Ms. Zhang has more than 18 years of experience in education industry. She is currently the deputy principal of the College assisting the principal in human resources management, quality control and external affairs of the College.

Ms. Zhang has served as a member of the 8th Shanxi Provincial Committee of the Chinese Peasants and Workers Democratic Party since July 2022.

She obtained a master degree in business administration from University of Shanghai for Science and Technology (上海理工大學) in Shanghai, the PRC in June 2015.

Independent Non-executive Directors

Mr. Zan Zhihong (昝志宏), aged 62, was appointed as an independent non-executive Director on 23 June 2021. Mr. Zan is responsible for providing independent opinion and judgment to our Board.

Mr. Zan has over 40 years of experience in accounting education. He is currently a professor of Shanxi University of Finance and Economics and an independent director of Shenzhen Huakong Seg Co., Ltd. (深圳華控賽格股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000068), and an independent director of Shanxi Tongde Chemical Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 002360).

Mr. Zan graduated from Shanxi College of Finance and Economics (山西財經學院) (currently known as Shanxi University of Finance and Economics (山西財經大學)), majoring in finance in July 1984 and obtained a master degree in economics from Shanxi University of Finance and Economics in June 2009. Mr. Zan obtained the qualification of professor in November 2001.

Mr. Hu Yuting (胡玉亭), aged 39, was appointed as an independent non-executive Director on 23 June 2021. Mr. Hu is responsible for providing independent opinion and judgment to our Board.

Mr. Hu has over 15 years of experience in the legal industry. He has been the partner of Shanxi Guojin Law Firm (山西國晉律師事務所) since February 2018. From March 2009 to February 2018, he was the partner of Shanxi Qiancheng Law Firm (山西謙誠律師事務所).

Mr. Hu obtained a bachelor degree in law from Bohai University (渤海大學) in Jinzhou, Liaoning Province, the PRC in June 2008. He was awarded the national legal professional qualification by the Ministry of Justice of the PRC in February 2009.

Mr. Wong Chi Wah (王志華), aged 50, was appointed as an independent non-executive Director on 20 July 2022. Mr. Wong is responsible for providing independent opinion and judgement to our Board.

Mr. Wong has over 20 years of experience in auditing and accounting fields. He has been the chief financial officer and its company secretary of Wanguo International Mining Group Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code: 3939) since July 2011. From February 2010 to June 2011, Mr. Wong served as the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (a company listed on the Stock Exchange with stock code: 0048, previous stock code: 8321). Mr. Wong served as the financial controller of Kingsun-Aima Biotech Co. Ltd. from 2003 to 2010. Mr. Wong worked at Ernst & Young from February 2000 to September 2003, with his last position as senior accountant, and worked at RSM Nelson Wheeler from June 1996 to January 2000, with his last position as audit senior.

Mr. Wong obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 1996. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Ms. Xu Yanjie (許燕傑), aged 48, joined the Group in July 2020 as the financial manager and was appointed as the chief financial officer of the Company on 19 October 2020. Ms. Xu is responsible for financial management of our Group.

From January 2020 to June 2020, Ms. Xu was the financial manager of Shanxi Tongcai Education Investment Co., Ltd. (山西通才教育投資有限公司) , a company jointly owned by Mr. Niu Sanping and Mr. Niu Jian before 12 July 2021. From January 2017 to July 2019, she was the financial manager of Shanxi Jinchi Sporting Goods Co., Ltd. (山西勁馳體育用品有限公司) .

Ms. Xu graduated from Shanxi University of Finance and Economics with a bachelor's degree in accounting in July 1999. She obtained the qualification of senior accountant in August 2013 and the qualification of the Chinese Certified Tax Agent in February 2016, respectively. She obtained the U.S. Certified Management Accountant qualification in July 2022.

Mr. Zhang Zhiwei (張志偉) , aged 44, was the risk management controller of our Group with effect from 19 October 2020. Mr. Zhang is responsible for the risk management control of our Group.

Mr. Zhang has over 20 years of experience in education industry. Currently, Mr. Zhang is also the director (主任) of office of the College responsible for coordination of the work of various departments and external communications with PRC governmental authorities and media. He joined the Group in May 2003 as deputy secretary (副書記) and then secretary (書記) of Communist Youth League and subsequently acted as the director (主任) of the Party office and the School office, the director (主任) of the Employment and Entrepreneurship Center and the secretary (書記) of Institute of Innovation and Entrepreneurship before the present position.

Mr. Zhang has been serving as the deputy secretary of Shanxi Province Association for Private Education (山西省民辦教育協會) (the "**Association**") since May 2010, assisting the secretary-general in the routine management of the Association which is a social organization voluntarily formed by various private institutions and individuals in the private education industry in Shanxi Province with the approval of the Department of Education and the Department of Civil Affairs of Shanxi Province.

Through his work experience above and long-term service in the Association, Mr. Zhang is familiar with the affairs of our College and our students, and has comprehensive knowledge of laws and policies at both national and provincial level applied to the operation of our College. Therefore, Mr. Zhang is capable of assessing and responding to the underlying risks in connection with the student affairs, administrative management and business operation of our College as well as the development of laws and policies in relation to private education.

Mr. Zhang graduated from Shanxi University (山西大學) in Taiyuan, Shanxi Province, the PRC with a bachelor's degree in economics in June 2006 and obtained a master degree in education from Shanxi University in December 2016. Mr. Zhang obtained the qualification as a teacher in higher education institutions in June 2013 and the qualification as a lecturer in March 2019.

Mr. Zhang Senquan (張森泉), aged 47, was appointed as the company secretary of our Company on 17 September 2021. Mr. Zhang currently serves as the chief executive officer of Zhong Rui Capital (Hong Kong) Limited, a consultancy company and the audit principal of Nortex (HK) CPA Limited.

Mr. Zhang is currently an independent non-executive director of Jiande International Holdings Limited (formerly known as First Mobile Group Holdings Limited) (stock code: 865), Natural Food International Holding Limited (stock code: 1837) and Strawbear Entertainment Group (stock code: 2125) and a company secretary of Guanze Medical Information Industry (Holding) Co., Ltd. (stock code: 2427), whose shares are listed on the Stock Exchange.

Mr. Zhang had also served as an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司) (a company listed on Sci-Tech innovation board of Shanghai Stock Exchange with a stock code of 688488) from May 2019 to March 2022, and an independent director of Topchoice Medical Investment Co. Inc. (通策醫療投資股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600763) from December 2014 to March 2017. He also once served in other companies listed on the Stock Exchange, including: (i) Sang Hing Holdings (International) Limited (stock code: 1472) as an independent non-executive director from 19 January 2020 to 30 April 2023; (ii) Beijing Digital Telecom Co., Ltd. (stock code: 6188) as an independent non-executive director from June 2018 to June 2021; (iii) Bonny International Holding Limited (stock code: 1906) as an independent non-executive director from March 2019 to June 2020; (iv) Southwest Securities International Securities Limited (stock code: 812) as the managing director from February 2016 to March 2020; (v) Casablanca Group Limited (stock code: 2223) as an independent non-executive director from April 2015 to April 2018; (vi) Huazhong In-Vehicle Holdings Company Limited (stock code: 6830) as the chief financial officer and joint company secretary from May 2014 to July 2015; and (vii) Goodbaby International Holdings Limited (stock code: 1086) as the head of the strategic development department from March 2013 to April 2014. Mr. Zhang has over ten years of experience in accounting and auditing, and worked at Ernst & Young Hua Ming, KPMG Huazhen and Deloitte Touche Tohmatsu CPA Ltd., serving several positions from audit staff to audit partner from October 1999 to October 2012.

Mr. Zhang obtained his bachelor's degree in economics from Fudan University in Shanghai, the PRC in July 1999. Mr. Zhang has been a member of Hong Kong Institute of Certified Public Accountants since September 2011, China Institute of Certified Public Accountants since December 2001 and American Institute of Certified Public Accountants since September 2015.

Directors' Report

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 August 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of higher education services in the PRC. Details of the activities of the principal subsidiaries and consolidated affiliated entities are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 August 2022 and a discussion on the Group's future business development are set out in the sections headed "Executive Statement" and "Management Discussion and Analysis" on pages 4 to 18 of this annual report. Discussion and information therein forms part of this Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" in this Directors' Report, certain principal risks and uncertainties involved in the Group's operations are as follows:

(i) new legislation or changes in the PRC regulatory requirements regarding private higher education may affect our business, financial condition, results of operations and prospects;

(ii) we are subject to extensive governmental approvals and compliance requirements for establishing our campuses and school premises and several of the properties we use for our operations are not in full compliance with applicable laws and regulations;

(iii) we face intense competition in the PRC education industry;

(iv) our business is heavily dependent on our reputation;

(v) our business, financial condition, and results of operations depend largely on the number of students that our College may admit, which in turn is subject to the admission quota approved by the relevant education authorities and limited by the capacity of our College's facilities; and

(vi) our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge and our ability to maintain and raise tuition fees and boarding fees.

FINANCIAL KEY PERFORMANCE INDICATORS

An analysis of the Group's performance for the year ended 31 August 2022 using financial key performance indicators (the "**KPI**") is set out in the section headed "Financial Highlights and Summary" on page 3 of this annual report. Such KPIs are selected on basis of their effectiveness in measuring the performance of the Group's business with nature in private education industry.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is not aware of any environmental-related or social-related risks or climate-related issues that would actually or potentially impact our business, strategy or financial performance. Save as disclosed in the section headed "Compliance with Laws and Regulations" below, the Company has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment.

The Group has adopted and implemented student health and safety measures and procedures to protect our students from bodily harm and other health and safety risks. We provide routine medical services for our students and faculty by qualified medical personnel. In the event of serious or emergency medical situations, we will promptly send our students to local hospitals for treatment. With respect to school safety, we promote the security of our College by engaging third party security companies to provide security services.

Details of the Group's environmental policies and performance are disclosed in the environmental, social and governance report of the Company for the year ended 31 August 2022 which is published at the same time as the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in the PRC by the Company's subsidiaries and affiliates. The Group's operations accordingly shall comply with relevant laws and regulations in the PRC.

Save as disclosed below, the Group has complied, to the best knowledge of the Directors, in material aspects with all relevant PRC laws and regulations that have significant impacts on the operations of the Group for the year ended 31 August 2022.

Matters not in full compliance with PRC laws and regulations for the year ended 31 August 2022 and relevant internal control measures for on-going compliance are summarized below. Details of non-compliances were disclosed in the section headed "Business – Legal Proceedings and Non-compliance" in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**") for the public listing of the Company's shares (the "**Shares**") on the Main Board of the Stock Exchange on 16 July 2021 (the "**Listing**"). Unless otherwise defined herein, capitalized terms used below shall have the same meanings as those defined in the Prospectus.

Land for which we have not obtained land use right certificates or real estate title certificates

As of 31 August 2022, the land certificate for the Longcheng campus of our College had been fully processed, and the land use right certificates or real estate title certificates with respect to two parcels of land located in Beige campus had not been obtained. The above mentioned two parcels of land have a gross site area of approximately 40,706.7 sq.m., representing 7.5% of the total land used by our College.

For the two parcels of land on Beige campus, the relevant government authority is still in the process of completing its initial internal procedures, which mainly includes changing the land usage to science and education purposes. The expected timeline for obtaining the outstanding land use right certificates or real estate title certificates is not certain up to the date of this annual report. To the best knowledge of the Directors, such internal procedures are particularly lengthy due to the fact that in the past decade, the local government has made several revisions to urban development plans of the area where the two parcels of land are located which makes the relevant governmental departments difficult to determine the usage of the two parcels of land. These two parcels of land, on which we have not built any buildings, are not planned for future use and do not have material adverse effect on our business development.

Buildings in which we have interests and our construction work on Longcheng campus and Beige campus have certain defects

Some buildings in which we have interests and our construction work on Longcheng campus and Beige campus have certain defects, including for not obtaining real estate title certificates, buildings ownership certificates or construction commencement permit, not completing fire control design and inspection and construction project completion acceptance check, not performing the required construction project approval procedures, and not completing environmental protection inspection and acceptance checks.

As advised by our PRC legal advisors, we may be subject to certain fines and/or penalties in connection with the non-compliances. However, we are not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us in relation to these buildings and construction work up to the date of this annual report.

The Group has engaged two third-party engineering companies to carry out fire control related maintenance and renovation work to ensure that the buildings meet the relevant fire control standards. In addition, a qualified independent environmental inspection and acceptance check company has been engaged to conduct the verification and acceptance check. We are in the process of fulfilling the assessment procedures for the relevant inspections for some buildings and applying to the relevant government authorities for the outstanding certificates and permits for those qualified buildings, and are closely following up with the government authorities with respect to our applications.

The Directors understand that such non-compliance issues concerning our buildings will not have material adverse effect on our operations as a whole for the reasons: (i) there have not been any material safety incidents directly attributable to the safety of the school buildings and facilities and no regulatory intervention or concerns relating to the school buildings and facilities have been raised by competent authorities; and (ii) we regularly maintain the buildings and are of the view that the safety conditions of such buildings are sound.

Our College does not comply with the ratio of school site area to number of students enrolled

Pursuant to the Indicators for the Basic Conditions for Operating Higher Education Institutions (Trial) (《普通高等學校基本辦學條件指標（試行）》) promulgated by the Ministry of Education of the PRC（中華人民共和國教育部）(the "**MOE**") in 2004 (the "**Conditions**"), the ratio of our College's site area to the number of students enrolled should be not less than 54 sq. m. per student enrolled. The ratio of our College's site area to the number of students enrolled was 26.7 sq. m. per student for the 2021/2022 school year.

Land allocation is subject to land allocation plans and approvals of the local government which is beyond our control. As advised by our PRC legal advisor, there is no provision under the Conditions stipulating that a breach of the required ratio of site area to the number of students enrolled is subject to any legal consequences. Our PRC legal advisors are of the view that the risk that our College will be penalized by the Department of Education of Shanxi Province for failing to comply with the prescribed ratio between the school site area of our College and its number of full-time students enrolled is relatively low.

Up to the date of this annual report, we are not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us in relation to the non-compliance. We will continue to monitor the situation and will purchase additional land to the extent this becomes required by the relevant government authorities.

Internal control measures for on-going compliance with the relevant PRC laws and regulations have been established

We have established internal control measures and our College has designated the relevant personnel who will be responsible for monitoring our on-going compliance with the relevant PRC laws and regulations that govern our business operations and overseeing the implementation of any necessary measures. In addition, Directors, senior management (including the principals and vice principals of our College) and employees involved will be provided with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance. Mr. Zhang Zhiwei, the risk management controller, is responsible for ensuring our overall on-going compliance.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 August 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61 of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 August 2022 (2021: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company may pay dividends out of share premium and retained earnings provided that immediately following the payment of such dividends the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's reserves available for distribution to Shareholders as at 31 August 2022 calculated in accordance with the Companies Act of the Cayman Islands, amounted to RMB230,553,000.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Niu Jian *(Chief Executive Officer, resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent Non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Wong Chi Wah (appointed on 20 July 2022)
Mr. Yau Wai Man, Philip (resigned on 20 July 2022)

In accordance with Article 84 of the Articles of Association, Mr. Niu Xiaojun and Ms. Zhang Zhonghua will retire from office by rotation at the forthcoming annual general meeting (the "**AGM**") and shall then be eligible for re-election.

In accordance with Article 83(3) of the Articles of Association, Mr. Wong Chi Wah will hold office only until the AGM and shall then be eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation from each independent non-executive Director of his independence as regards each of the factors referred to in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 August 2022 are set out in note 23 to the financial statements.

USE OF NET PROCEEDS FROM THE LISTING

The Company received net proceeds from the Listing of approximately RMB385.1 million. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of net proceeds until 31 August 2022 is set out below:

Purpose	Approx.% of total net proceeds allocated	Net proceeds allocated RMB'million	Unutilized amount at 1 September 2021 RMB'million	Utilized amount during the year ended 31 August 2022 RMB'million	Unutilized amount at 31 August 2022 RMB'million	Expected timeline for intended use of unutilized amount at 31 August 2022
Construction of Phase IV of Beige campus						
– a teaching building	10.2%	39.3	38.2	21.8	16.4	December 2024 (Note1)
– a library	34.8%	134.0	83.8	9.0	74.8	December 2024 (Note1)
Acquisition of or investment in private education institutions or acquisition of a parcel of land	25.0%	96.3	96.3	–	96.3	December 2023
Renovation and upgrade teaching buildings and dormitories on Longcheng campus	11.4%	43.9	43.4	6.9	36.5	December 2024 (Note 2)
Purchases of teaching equipment and furniture	8.6%	33.1	28.8	12.0	16.8	December 2023
Working capital for general purposes	10.0%	38.5	28.6	27.8	0.8	December 2023
Total	100.0%	385.1	319.1	77.5	241.6	

Notes:

(1) The unutilized amount of net proceeds at 31 August 2022 intended use for construction of phase IV of Beige campus was RMB91.2 million in total of which the expected timeline for full utilization was extended from March 2024 to December 2024 due to the impact of the COVID-19 pandemic.

(2) The unutilized amount of net proceeds at 31 August 2022 intended use for renovation and upgrade teaching buildings and dormitories on Longcheng campus was RMB36.5 million of which the expected timeline for full utilization was extended from December 2023 to December 2024 due to the impact of the COVID-19 pandemic.

RESTRICTED SHARE UNIT SCHEME

The Board has adopted the restricted share unit scheme of the Company ("**RSU Scheme**") on 13 January 2022 (i) to recognise the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. For further details of the RSU Scheme, please refer to the announcement of the Company dated 27 January 2022.

The Company entered into a trust deed on 8 February 2022 to appoint Futu Trustee Limited as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. As of 31 August 2022, the trustee of the RSU Scheme has purchased a total of 37,481,000 Shares (representing approximately 7.41% of the total issued Shares as at 31 August 2022) on the Stock Exchange at an aggregate consideration of approximately RMB123.1 million pursuant to the terms of the trust deed of the RSU Scheme. No shares of the Company under the RSU Scheme have been granted or agreed to be granted since its adoption.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was adopted pursuant to a resolution of the then shareholder of the Company passed on 23 June 2021 for the primary purpose of providing incentives or rewards to Directors, employees or any other persons, motivating the eligible participants to optimise their contributions to the Group and attracting and retaining eligible participants.

The principal terms of the Share Option Scheme are as follows:

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to: (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("Executive"), any full time or part time employee, or a person for the time being seconded to work full time or part time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; and (c) any other person involved in the development, promotion or growth of business of the Company (excluding, for the avoidance of doubt, any suppliers or customers of the Company) whom the Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the "**Eligible Persons**").

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of the Listing, i.e. 16 July 2021, (such 10% limit representing 50,000,000 Shares) (the "Scheme Mandate Limit").

The total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares at 1 September 2021 and 31 August 2022. There is no service provider sublimit under the Share Option Scheme. The total number of Shares available for issue under the Share Option Scheme was 50,000,000 Shares, representing approximately 9.89% of the issued Shares as at the date of this annual report.

4. Maximum entitlement of each participant

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting.

5. Offer and grant of options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the 23 June 2021 to offer the grant of an option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of the Company (excluding the independent non-executive Director who or whose associates is the grantee of an option).

7. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

8. Amount payable for options and offer period

An option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date.

9. Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

10. Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is approximately seven years and two months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to the Prospectus.

The Group has not granted any share options to Directors, employees or any other persons since its adoption and up to the date of this annual report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 August 2022 divided by weighted average number of Shares in issue for the year ended 31 August 2022 is nil.

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

As at 31 August 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 of the Listing Rules (the "**Model Code**"), were as follows:

Long position in the Company

Name of Director	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company (Note 3)
Mr. Niu Sanping (resigned on 27 May 2024)	Interested in a controlled corporation (Note 1)	266,250,000	52.67%
Mr. Niu Jian (resigned on 27 May 2024)	Interested in a controlled corporation (Note 2)	108,750,000	21.51%

Notes:

(1) Mr. Niu Sanping beneficially owns the entire issued share capital of Niusanping Limited which in turn owns 266,250,000 Shares, representing 52.67% of the Company's issued share capital. Therefore, Mr. Niu Sanping is deemed to be interested in the same as Niusanping Limited.

(2) Mr. Niu Jian beneficially owns the entire issued share capital of Niujian Limited which in turn owns 108,750,000 Shares, representing 21.51% of the Company's issued share capital. Therefore, Mr. Niu Jian is deemed to be interested in the same as Niujian Limited.

(3) The percentage is calculated on the basis of 505,517,000 Shares in issue as at 31 August 2022.

Long position in the associated corporations

Name of Director	Capacity	Associated corporation	Percentage of shareholding
Mr. Niu Sanping (resigned on 27 May 2024)	Beneficial owner	Shanxi Tongcai [Note 1]	71%
	Interested in a controlled corporation [Note 2]	The College [Note 1]	100%
Mr. Niu Jian (resigned on 27 May 2024)	Beneficial owner	Shanxi Tongcai	29%

Notes:

(1) Shanxi Tongcai is as defined in the section headed "Continuing Connected Transactions" in this Directors' Report.

(2) Mr. Niu Sanping is interested in 71% of Shanxi Tongcai which is the sole school sponsor of the College. Therefore, Mr. Niu Sanping is deemed to be interested in 100% of the College.

Save as disclosed above, none of the Directors, chief executive and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 31 August 2022.

SUBSTANTIAL SHAREHOLDERS

As at 31 August 2022, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executive, the following Shareholders had notified the Company of relevant interests and underlying Shares in the issued share capital of the Company.

Name of Shareholders	Capacity	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company [Note 4]
Niusanping Limited [Note 1]	Beneficial owner	Long	266,250,000	52.67%
Niujian Limited [Note 2]	Beneficial owner	Long	108,750,000	21.51%
Futu Trustee Limited [Note 3]	Trustee	Long	37,481,000	7.41%

Notes:

(1) Niusanping Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Sanping.

(2) Niujian Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Jian.

(3) Futu Trustee Limited is the appointed trustee for the administration of the RSU Scheme. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, Futu Trustee Limited and its ultimate beneficial owners are third parties independent of the Company and are not connect persons (as defined under the Listing Rules) of the Company.

(4) The percentage is calculated on the basis of 505,517,000 Shares in issue as at 31 August 2022.

Save as disclosed above, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or the underlying Shares of the Company or its associated corporation(s) which would require to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

Save as disclosed under sections headed "Restricted Share Unit Scheme" and "Share Option Scheme" above, at no time during the year ended 31 August 2022 was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

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

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2022 are set out in note 12 to the consolidated financial statements.

BORROWINGS

As at 31 August 2022, the Group had no borrowings.

EQUITY-LINKED AGREEMENTS

Save for the RSU Scheme and the Share Option Scheme as set out above, no equity-linked agreements were entered into by the Company during or subsisted during the year ended 31 August 2022.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than those transactions disclosed under the section headed "Continuing Connected Transactions" in this Directors' Report, no transaction, arrangement or contract of significance, to which a Director or an entity connected with a Director was a party and in which a Director of the Company is or was materially interested, whether directly or indirectly, subsisted at the year ended 31 August 2022 or at any time during the year nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of its subsidiaries and any of controlling Shareholders or any companies under his control.

MANAGEMENT CONTRACT

Other than those Contractual Arrangements disclosed under the section headed "Continuing Connected Transactions" in this Directors' Report, no contracts concerning the management and administration of the whole or any substantial part of the Group's business subsisted during the year ended 31 August 2022.

CONTINUING CONNECTED TRANSACTIONS

Reasons for entering into the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements – Background of the Contractual Arrangements" in the Prospectus, the PRC laws and regulations generally restrict foreign ownership in the private higher education industry in the PRC. The Group currently conduct private higher education business through Shanxi Tongcai Educational Technology Company Limited（山西通才教育科技有限公司）("**Shanxi Tongcai**" or the "**School Sponsor**") and Shanxi Technology and Business College（山西工商學院）(the "**College**") (collectively the "**PRC Affiliated Entities**") in the PRC, whereas Mr. Niu Sanping and Mr. Niu Jian are the shareholders of Shanxi Tongcai (the "**Registered Shareholders**"). Shanxi Tongshi Tiancai Educational Technology Co., Ltd.（山西通實天才教育科技有限公司, the "**Shanxi WFOE**"), which is a limited liability company established as a wholly foreign owned enterprise under the laws of the PRC and an indirect wholly–owned subsidiary of the Company, does not hold any equity interest in the PRC Affiliated Entities, but has entered into various agreements and arrangements with, among others, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian (collectively the "**Contractual Arrangements**") through which the Group obtains control over and derive the economic benefits from the PRC Affiliated Entities.

The Contractual Arrangements, as a whole, are designed to provide the Group with effective control over the financial and operational policies of the PRC Affiliated Entities, to the extent permitted by PRC laws and regulations, the right to acquire the equity interest in and/or the assets of the PRC Affiliated Entities after the Listing through Shanxi WFOE. The Group operates the education business through the PRC Affiliated Entities, which are ultimately beneficially owned as to 71% by Mr. Niu Sanping, a former executive Director and a controlling Shareholder, and 29% by Mr. Niu Jian, a former executive Director, the Chief Executive Officer and a substantial Shareholder. The Group does not hold any direct equity interest in the PRC Affiliated Entities. The Contractual Arrangements were entered into on 12 November 2020 pursuant to which all material business activities of the PRC Affiliated Entities are instructed and supervised by the Group, through Shanxi WFOE, and all economic benefits arising from such business of the PRC Affiliated Entities are transferred to the Group.

The Contractual Arrangements consist of a series of agreements, including the Business Cooperation Agreement, the Exclusive Technical Service and Management Consultancy Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsor's and Directors' Rights Entrustment Agreement, the Shareholders' Rights Entrustment Agreement, the School Sponsor's Powers of Attorney, the Directors' Power of Attorney, the Shareholders' Power of Attorney and the Spouse Undertaking, each of which is an integral part of the Contractual Arrangements. Details of the Contractual Arrangements and the agreements are set out in the section headed "Contractual Arrangements" in the Prospectus.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are fundamental to our Group's legal structure and business operations, are on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Listing Rules Implications

For the year ended 31 August 2022, Mr. Niu Sanping and Mr. Niu Jian were the executive Directors and substantial Shareholders of the Company, and therefore each of them was a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The transactions contemplated under the Contractual Arrangements, as a whole, constituted continuing connected transactions of the Company under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a waiver to the Company from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules.

The waiver granted by the Stock Exchange is however subject to various conditions as disclosed in the section headed "Connected Transactions" in the Prospectus and which include, among the others, annual review as follows:

(i) the Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report in accordance with relevant provisions of the Listing Rules;

(ii) the independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report for the relevant year; and

(iii) the Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a confirmation letter to the Directors with a copy to the Stock Exchange.

The Directors confirmed that the Company complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions under the Contractual Arrangements for the year ended 31 August 2022.

Contractual Arrangements in Place

The Board has reviewed the overall performance of the Contractual Arrangements for the year ended 31 August 2022 and has confirmed that during the year ended 31 August 2022 the transactions contemplating under the Contractual Arrangements have been entered into in accordance with the relevant Contractual Arrangements. Up to 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.

Details of the rights granted and material terms of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangements" in the Prospectus. A summary of the Contractual Arrangements in place is set out below with terms used and meant same as those defined in the Prospectus unless defined otherwise.

(1) Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, Shanxi WFOE shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Affiliated Entities shall make payments accordingly.

(2) Exclusive Technical Service and Management Consultancy Agreement

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Shanxi WFOE agrees to provide exclusive technical services to the PRC Affiliated Entities, including but not limited to, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Affiliated Entities; (d) provision of other technical support necessary for the education activities of the PRC Affiliated Entities; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the PRC Affiliated Entities.

Furthermore, Shanxi WFOE agrees to provide exclusive management consultancy services to our PRC Affiliated Entities, including but not limited to, (a) design of major and curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management system; (i) provision of administrative staff management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of online and offline marketing network; and (m) providing other management technical services reasonably requested by our PRC Affiliated Entities.

(3) Exclusive Call Option Agreement

Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably and unconditionally granted Shanxi WFOE or its designated purchaser the right to purchase all or part of the school sponsor's direct or indirect interest of our School Sponsor in the College and direct or indirect equity interest in our School Sponsor (the "**Equity Call Option**"). The purchase price payable by Shanxi WFOE in respect of the transfer of such school sponsor's interest or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Shanxi WFOE or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest in the College and/or equity interest in our School Sponsor as it decides at any time.

(4) School Sponsor's and Directors' Rights Entrustment Agreement And Shareholders' Rights Entrustment Agreement

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsor has irrevocably authorized and entrusted Shanxi WFOE to exercise all its rights as school sponsor of the College to the extent permitted by the PRC laws.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each director of the College (the "**Appointees**") has irrevocably authorized and entrusted Shanxi WFOE to exercise all their rights as directors of the College to the extent permitted by the PRC laws.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorized and entrusted Shanxi WFOE to exercise all of his respective rights as shareholders of our School Sponsor to the extent permitted by the PRC laws.

(5) Powers of Attorney

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsor in favor of Shanxi WFOE, our School Sponsor authorized and appointed Shanxi WFOE as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of the College.

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Shanxi WFOE, each of the Appointees authorized and appointed Shanxi WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of the College.

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Shanxi WFOE, each of the Registered Shareholders authorized and appointed Shanxi WFOE, as his agent to act on his behalf to exercise or delegate the exercise of all his rights as shareholders of our School Sponsor.

(6) Spouse Undertaking

Pursuant to the Spouse Undertaking, Ms. Geng Jie, the spouse of Mr. Niu Sanping, as one of the Registered Shareholders, has irrevocably undertaken that (i) she has full knowledge of and has consented to the entering into of the Contractual Arrangements by Mr. Niu Sanping, Shanxi WFOE and our PRC Affiliated Entities; (ii) she has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to our PRC Affiliated Entities; (iii) she authorizes Mr. Niu Sanping or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest and fully cooperates with the implementation of the relevant documents and procedures at any time; and (iv) any undertaking, confirmation, consent and authorization under the Spouse Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected.

(7) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in the School Sponsor, together with all related rights thereto to Shanxi WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Shanxi WFOE as a result of any event of default on the part of the Registered Shareholders and the PRC Affiliated Entities and all expenses incurred by Shanxi WFOE as a result of enforcement of the obligations of the Registered Shareholders and the PRC Affiliated Entities under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreement, without the prior written consent of Shanxi WFOE, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity interest pursuant to the Equity Pledge Agreement.

Pursuant to the Equity Pledge Agreement, each party has undertaken that, if the registration authorities require to define the amount of the principal claim upon the pledge range in the equity pledge registration, the amount of claims under the Contractual Arrangements shall be registered as the principal, RMB50,000,000 and any other amount in the event of default and compensation under the Contractual Arrangements.

Confirmation from Independent Non-executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that during the year ended 31 August 2022 (i) the transactions carried out have been entered into in accordance with the relevant provisions of the Contractual Arrangements and operated so that the profit generated by the PRC Affiliated Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the PRC Affiliated Entities to the respective holders of equity interests or the school sponsor's interest which are not otherwise subsequently assigned or transferred to our Group, (iii) no contracts were entered into, renewed or reproduced between the Group and the PRC Affiliated Entities, and (iv) the transactions contemplated under the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Company's Auditor

Moore CPA Limited (formerly known as Moore Stephens CPA Limited), Certified Public Accountants, was engaged as the Company's auditor to review the Group's continuing connected transactions. For the purpose of Rule 14A.56 of the Listing Rules, Moore CPA Limited, Certified Public Accountants, has provided a letter to the Board, confirming that during the year ended 31 August 2022 the transactions contemplating under the Contractual Arrangements have been approved by the Board and have been entered into in accordance with the relevant Contractual Arrangements as well as the Group's pricing policies for provision of similar services by the Group; and no dividends or other distributions have been made by our PRC Affiliated Entities to the respective holders of equity or the school sponsor's interest which are not otherwise subsequently assigned or transferred to our Group.

Risks relating to the Contractual Arrangements

Foreign investment in the education industry in the PRC is extensively regulated and subject to numerous restrictions. The Group has only entered into a series of agreements in which the wholly-owned subsidiary, Shanxi WFOE, receives economic benefits from the PRC Affiliated Entities pursuant to relevant clauses under the agreements. The Company expects to be continuously dependent on the Contractual Arrangements for operating the education business in the PRC.

On 15 March 2019, the National People's Congress of the PRC（中華人民共和國全國人民代表大會）approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") which came into effect on 1 January 2020. The Foreign Investment Law does not explicitly stipulate that arrangements such as the Contractual Arrangements are a form of foreign investment. In the extreme case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of our PRC Affiliated Entities, which could have a material and adverse effect on our business, financial condition and result of operations.

If the Contractual Arrangements that establish the structure for operating the education business in the PRC are found to be in violation of any PRC laws or regulations in the future or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MOE, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC Affiliated Entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC Affiliated Entities;
- imposing fines or other requirements with which we or our PRC Affiliated Entities may not be able to comply;
- requiring us to restructure our operations in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our business staff and assets;

- imposing additional conditions or requirements with which we may not be able to comply; or

- restricting the use of proceeds from our additional public offering or financing to finance our business and operations in China.

If any of the above penalties are imposed on us, our business, financial condition and results of operations may be materially and adversely affected.

UPDATES IN RELATION TO FOREIGN INVESTMENT LAW AND QUALIFICATION REQUIREMENT

Foreign Investment Law

As advised by our PRC legal advisors, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate or recognize such contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

For the year ended 31 August 2022, the Foreign Investment Law has not been amended. For details about the impact and potential consequences of the Foreign Investment Law on our Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

Nevertheless, considering that a number of existing conglomerates are operating under contractual arrangements and some of which have obtained listing status abroad and contractual arrangements are not specified as foreign investment under the Foreign Investment Law, our Directors are of the view that it is unlikely that the relevant regulations will take retrospective effect to require the relevant enterprises to remove the contractual arrangements.

Qualification Requirement

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Regulation on Sino-Foreign Cooperation in Operating Schools, if we were to apply for the College to be reorganized as a sino-foreign joint venture private school for PRC students at a higher education institution (a "**Sino-Foreign Joint Venture Private School**"), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and that provides high quality education (the "**Qualification Requirement**").

The Company's PRC legal advisors have advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

As advised by the PRC legal advisors, the failure to meet the Qualification Requirement and the adoption of the Contractual Arrangements to operate our higher education business do not render our higher education business as illegal operations in the PRC. We do not meet the Qualification Requirement as we have no experience in operating a school outside of the PRC. However, the Department of Education of Shanxi Province has confirmed that it is possible that approval may be granted to an investor that is an education institution legally established and qualified to award diploma certificates in a foreign country to qualify for approval as a foreign investor of a Sino-Foreign Joint Venture Private School.

Notwithstanding the foregoing, the Company is committed to working towards meeting the Qualification Requirement and have implemented a business plan to ensure our compliance with Qualification Requirement and with a view to expanding our education network abroad. We have engaged an agent, who is principally engaged in education consulting and licensing services, to assist us in establishing General Business University of California Incorporated and filing applications with the California Bureau for Private Postsecondary Education, a unit of the California Department of Consumer Affairs in charge of regulation of private postsecondary educational institutions operating in the State of California, the United States, (the "**BPPE**") regarding the establishment of a degree-granting higher education institution in California, the United States (the "**US School**").

On 22 October 2020, Generalist Business University of California Incorporated was established in California, the United States by our agent, which was renamed as General Business University of California Incorporated on 4 November 2020, and its sole member is China General Education Group (HK) Limited, a direct wholly-owned subsidiary of the Company. General Business University of California Incorporated will operate and manage the US School to be established. We filed an application for a provisional license for a school of the same name with the BPPE in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), our Company's application to operate a degree-awarding higher education institution in California, USA, was rejected. We are actively looking for new agents to solve this problem. The Company believes that these problems will not have a significant impact on our operations.

In the opinion of our PRC legal advisors, based on the consultation with the Department of Education of Shanxi Province, if the specific guidance and implementing rules with regards to the Qualification Requirement are promulgated and assuming the new school to be operated by General Business University of California Incorporated or another foreign educational institution established by us gains a level of foreign experience sufficient to demonstrate compliance with the Qualification Requirement in the future provided that the then PRC laws and regulations do not impose new requirements, restrictions, or prohibitions in relation to the establishment of the Sino-Foreign Joint Venture Private Schools), we may be able to get the approval to establish a Sino-Foreign Joint Venture Private Schools by relevant educational authority or such other educational institution subject to the approval from the competent educational authorities.

We will 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 to inform Shareholders of our efforts and actions undertaken with the Qualification Requirement.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the year ended 31 August 2022 were disclosed in note 27 to the consolidated financial statements. None of the related party transactions is a connected transaction under Chapter 14A of the Listing Rules and the Company has complied with the requirements in Chapter 14A of the Listing Rules during the Year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 31 August 2022, no Directors have interests in any business which directly or indirectly competes, or is likely to compete, with the business of the Group or have any other conflict of interests with the Group.

NON-COMPETITION UNDERTAKINGS

The PRC laws and regulations generally restrict foreign ownership in the private higher education industry in the PRC. The Group currently conduct private higher education business through the PRC Affiliated Entities in the PRC. The Shanxi WFOE does not hold any equity interest in the PRC Affiliated Entities, but has entered into the Contractual Arrangements with, among others, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian through which the Group obtains control over and derive the economic benefits from the PRC Affiliated Entities.

In order to address the potential conflicts of interest between Mr. Niu Sanping and Mr. Niu Jian, who are the Registered Shareholders, and the Company, each of the Registered Shareholders has undertaken to Shanxi WFOE that, unless with the prior written consent of Shanxi WFOE, the Registered Shareholders (severally or jointly) shall not directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of the PRC Affiliated Entities and their subsidiaries (the "**Competing Business**") and Shanxi WFOE is granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Contractual Arrangements; or (ii) require the entity engaging in the Competing Business to cease operation (collectively the "**Non-Competition Undertakings**").

Details of the Contractual Arrangements and the Non-Competition Undertakings are set out in the section headed "Contractual Arrangements" in the Prospectus.

In order to ensure the Registered Shareholders' compliance with the terms of the Non-Competition Undertakings for the year ended 31 August 2022, (i) each of the Registered Shareholders has given a written confirmation to the Company that he has complied with the terms of the Non-Competition Undertakings for the year ended 31 August 2022, (ii) the Company has enquired each of the Registered Shareholders from time to time, about whether he has been interested, involved or engaged in any Competing Business, and enquiries about the same have been made with each of them before publication of this annual report, and (iii) the independent non-executive Directors of the Company have reviewed the available information and understood that, as far as they can ascertain, the Registered Shareholders have complied with the terms of the Non-Competition Undertakings for the year ended 31 August 2022.

EMOLUMENT POLICY

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees of the Group including social insurance coverage, housing provident funds, bonus, restricted share unit scheme and share option scheme. The Group mainly determines staff remuneration on basis of the competence, qualifications and performance of individual employee and the salary trends in the PRC. The staff remuneration will be reviewed regularly.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration, having regard to relevant Director's experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration.

Details of the Directors' remuneration and the five highest paid employees in the Group are set out in notes 7 and 8 to the consolidated financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students. For the year ended 31 August 2022, we did not have any single customer who accounted for more than 5% of our annual revenue and the aggregate goods and services provided by the Group to its five largest customers were less than 30% of our annual revenue.

Our suppliers primarily consist of logistics service providers, construction project contractors, maintenance and renovation contractors, heating service providers, electricity service provider. For the year ended 31 August 2022, the aggregate purchases from our five largest suppliers amounted to approximately RMB64.4 million accounting for about 40.9% of our total annual purchases. The purchases from our largest supplier for the year ended 31 August 2022 amounted to approximately RMB38.3 million accounting for about 24.3% of our total annual purchases.

Save as disclosed above, none of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of the Group's five largest customers or the Group's five largest suppliers during the year ended 31 August 2022.

ANNUAL GENERAL MEETING

The date of AGM will be announced later and the relevant notice will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**") as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with the code provisions as set out in the CG Code for the year ended 31 August 2022.

CHANGES ON MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's current memorandum and articles of association (the "**Memorandum and Articles**") were adopted from the Listing on 16 July 2021. There have been no changes in the Company's Memorandum and Articles up to the date of this annual report.

In order to update the Memorandum and Articles so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, the Directors propose to make certain amendments to the Memorandum and Articles (the "**Proposed Amendments**").

The Directors further propose to restate the Memorandum and Articles incorporating and consolidating the Proposed Amendments and all previous amendments to the Memorandum and Articles approved and adopted by the Company to replace the Memorandum and Articles (the "**Proposed Restatement**").

The Proposed Amendments and Proposed Restatement are subject to the approval of Shareholders by way of special resolutions at the AGM.

Further announcement/circular will be made by the Company to keep the Shareholders and potential investors of the Company informed of the Proposed Amendments and Proposed Restatement.

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

The Company has maintained the public float as required by the Listing Rules during the year ended 31 August 2022.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors or the officers of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their respective offices. During the year ended 31 August 2022, the Company arranged appropriate insurance to provide coverage for liabilities of the Directors and officers of the Group.

CHARITABLE DONATIONS

No charitable donations were made by the Group during the year ended 31 August 2022.

TAX RELIEF AND EXEMPTION

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

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board, has reviewed the Group's audited consolidated financial statements for the year ended 31 August 2022.

AUDITOR

Reference is made the announcements of the Company dated 7 and 25 September 2023 in relation to change of auditor. Ernst & Young, Certified Public Accountants, resigned as the auditor of the Company with effect from 1 September 2023. Moore CPA Limited, Certified Public Accountants was appointed as the new auditor of the Company with effect from 15 September 2023 to fill the casual vacancy following the resignation of Ernst & Young and to hold office until the conclusion of the next annual general meeting of the Company. A resolution for the appointment of Moore CPA Limited, Certified Public Accountants, as the auditor of the Company will be proposed at the AGM of the Company.

SUBSEQUENT EVENTS

Since the Company has received allegations with respect to the Listing and the use of proceeds from the Listing (the "**Allegations**"), which may affect the consolidated financial results of the Group, the Group was unable to publish its annual results for the two years ended 31 August 2023 and the interim results for the six months ended 28 February 2023 and 29 February 2024. The trading of the Company's shares has been suspended since 29 November 2022. In view of, among others, the Allegations and the delay in publication of the financial results of the Group, the Stock Exchange has provided certain resumption guidance (the "**Resumption Guidance**") on the Group for the purpose of the resumption of trading of the Company's shares, which included (among others) conducting an appropriate independent investigation into the Allegations and announce the findings and take appropriate remedial actions. Currently, the Company is in the process of fulfilling the conditions under the Resumption Guidance.

Details of the above matters are disclosed in the Company's announcements dated 29 November 2022, 16 December 2022, 10 January 2023, 28 February 2023, 25 May 2023, 7 July 2023, 25 August 2023, 7 September 2023, 25 September 2023, 7 November 2023, 27 November 2023, 5 January 2024, 5 February 2024, 23 February 2024, 27 February 2024, 30 April 2024 and 27 May 2024.

On behalf of the Board
Niu Xiaojun
Executive Director

Hong Kong, 7 June 2024

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 August 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance practices and procedures to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions stated in the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that during the year ended 31 August 2022, save as disclosed in this annual report, the Company has complied with applicable code provisions as set out in the CG Code.

As mentioned in the section headed "Directors' Report - Subsequent Events" in this annual report, as a result of the Allegations, the Group was unable to publish its annual results for the two years ended 31 August 2023 and the interim results for the six months ended 28 February 2023 and 29 February 2024. The trading of the Company's shares has been suspended since 29 November 2022. Currently, the Company is in the process of fulfilling the conditions under the Resumption Guidance. Details of the above matters are disclosed in the Company's announcements dated 29 November 2022, 16 December 2022, 10 January 2023, 28 February 2023, 25 May 2023, 7 July 2023, 25 August 2023, 7 September 2023, 25 September 2023, 7 November 2023, 27 November 2023, 5 January 2024, 5 February 2024, 23 February 2024, 27 February 2024, 30 April 2024 and 27 May 2024.

THE BOARD

Responsibilities and Delegation

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The senior management team of the Group has a wide range of skills, knowledge and experience necessary to govern the Group's operations. The Board has delegated the authorities and responsibilities for day-to-day management and operations of the Group to the senior management team of the Group. This will allow the Group to allocate resources more efficiently for its decision-making and facilitate its daily operations. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management on the Company's behalf.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. Matters of which the Board considers suitable for delegation to its committees are contained in the specific terms of reference of its committees. The terms of reference clearly define the powers and responsibilities of the Board committees. In addition, the Board will receive reports and/or recommendations from time to time from the Board committees on any matter significant to the Group. All Board committees are provided with sufficient resources to perform their duties.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of overall strategies, budgets, material transactions, conflict of interests, financial information, appointment of Directors and other significant financial and operational matters.

Corporate Governance Functions

The Board is responsible for the overall corporate governance functions. The primary corporate governance duties are to monitor the Company's policies and practices on corporate governance; to ensure the Company's compliance with legal and regulatory requirements; to review the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the CG Code and the disclosure in the corporate governance report.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual. The Chairman is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is responsible for the management of the day-to-day operations and the implementation of the approved strategies of the Group.

To ensure a balance of power and authority, Mr. Niu Sanping acted as the Chairman and Mr. Niu Jian acted as the Chief Executive Officer of the Company during the year ended 31 August 2022. Mr. Niu Sanping and Mr. Niu Jian were also executive Directors during the year ended 31 August 2022.

Board Composition

The Board comprised four executive Directors and three independent non-executive Directors during the year ended 31 August 2022. The Board has at least one-third of its membership comprising independent non-executive Directors in accordance with Rule 3.10A of the Listing Rules. The following are the members of the Board during the year ended 31 August 2022 and as at the date of this annual report:

Executive Directors

Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Niu Jian *(Chief Executive Officer, resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Yau Wai Man, Philip *(resigned on 20 July 2022)*
Mr. Wong Chi Wah *(appointed on 20 July 2022)*

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section headed "Directors and Senior Management" on pages 19 to 21 of this annual report.

Save as disclosed in the section headed "Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

During the year ended 31 August 2022 and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board. Among the three independent non-executive Directors, Mr. Yau Wai Man, Philip (resigned on 20 July 2022) and Mr. Wong Chi Wah (appointed on 20 July 2022) has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Nomination Policy

The appointment of a Director is made on the recommendations of the Nomination Committee and by approval of the Board or by the Shareholders at a general meeting either to fill a casual vacancy or as an addition to the Board.

The Nomination Committee invites nominations of candidates from members of the Board and may also put forward other candidates when vacancies on the Board exist. Before making recommendations to the Board, the Nomination Committee reviews and assesses the suitability of candidates for directorship, according to certain assessment criteria, including but not limited to reputation for integrity, experience in the relevant industry, contributions to the Board and time commitments, and by making reference to the board diversity policy, the Company's needs and the current composition of the Board. The Board will also consider the independence of independent non-executive Directors before making appointments or recommendations. The Board may consider engaging an external recruitment agency to carry out the recruitment and selection process when necessary.

A Shareholder can serve a notice, at least 7 days prior to the date of the general meeting with candidates standing for election as Directors, to the Company of intention to propose a person as a Director without nomination by the Nomination Committee or recommendation by the Board.

Board Diversity Policy

The Company has adopted a board diversity policy to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, gender, age, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward.

As at the date of this annual report, the Board comprises seven Directors. Directors have a balanced mix of knowledge and skills, including knowledge and experiences in the areas of law, finance and management in addition to education business. They obtained degrees in various majors including law, finance and management. Furthermore, the Board has a wide range of age, ranging from 39 years old to 62 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In particular, one of seven Directors is female. After due consideration, the Board believes that based on existing business model and meritocracy of Directors, its composition satisfies the principles under the board diversity policy.

Measurable Objectives

The Company aims to maintain an appropriate balance of Directors with diverse perspectives that are relevant to the development of the Company's business. The Company is committed to ensuring that recruitment and selection of Directors are structured at all levels so as to have a diverse range of candidates for consideration. Meanwhile, the Board has not set any measurable objectives for achieving the diversity on the Board. However, the Nomination Committee will discuss periodically and, when necessary, agree on the measurable objectives and recommend them to the Board for adoption.

Board Meetings

During the year ended 31 August 2022, the Board held 5 meetings, at which the Board mainly considered and approved internal audit report, 2021 annual result announcement, 2022 interim result announcement, 2021 environmental, social, and governance report, adoption of restricted share unit scheme, resignation of Mr. Yau Wai Man, Philip as independent non-executive Director, appointment of Mr. Wong Chi Wah as independent non-executive Director.

The table below sets out the details of Board meetings and general meeting attendance of each Director during the year ended 31 August 2022:

Name of Directors	Attendance/ Number of board meetings	Attendance/ Number of general meeting
Executive Directors		
Mr. Niu Sanping (resigned on 27 May 2024)	5/5	1/1
Mr. Niu Jian (resigned on 27 May 2024)	5/5	1/1
Mr. Niu Xiaojun	5/5	1/1
Ms. Zhang Zhonghua	5/5	1/1
Independent non-executive Directors		
Mr. Zan Zhihong	5/5	1/1
Mr. Hu Yuting	5/5	1/1
Mr. Wong Chi Wah [Note (a)] (appointed on 20 July 2022)	1/1	0/0
Mr. Yau Wai Man, Philip [Note (b)] (resigned on 20 July 2022)	4/4	1/1

Notes:

(a) Mr. Wong Chi Wah was appointed as independent non-executive Director on 20 July 2022 and attended the board meeting subsequent to his appointment, but did not attend the annual general meeting which was held prior his appointment.

(b) Mr. Yau Wai Man, Philip resigned as independent non-executive Director on 20 July 2022 and attended all board meetings prior his resignation.

Notices shall be given for all regular Board meetings not less than fourteen days to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. The agenda and accompanying Board papers are dispatched to the Directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors are unable to attend a Board meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board prior to the meeting. Minutes of Board meetings are kept by the Company Secretary with copies circulated to the Board members for records.

Minutes of the Board meetings shall be recorded in sufficient details of matters discussed and considered by the Board and the decisions reached, including any concerns raised by the Board members and dissenting views expressed. Draft minutes of each Board meeting are sent to the Board members for comments within a reasonable time after the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Appointment and Re-election of Directors

Pursuant to the Article 84 of the Articles of Association, Mr. Niu Xiaojun, our executive Director, and Ms. Zhang Zhonghua, our executive Director, will retire from office by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Pursuant to the code provision A.4.2 of the CG Code, Mr. Wong Chi Wah, our independent non-executive Director appointed to fill casual vacancies should be subject to election by Shareholders at the first general meeting of the Company after appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation and re-election at least once every three years.

Appointments and re-appointments of Directors by the Board are subject to recommendations from the Nomination Committee of the Company, after having reviewed and assessed their suitability by reference to the board diversity policy and the nomination policy adopted by the Company.

Independence of the Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient experiences and qualifications to carry out their duties so as to protect the interests of the Shareholders.

The Company has received a written annual confirmation from each independent non-executive Director of his independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules. The Board considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Induction and Continuous Professional Development

Pursuant to the code provision C1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Pursuant to the code provision C1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations.

During the year ended 31 August 2022, each of the Directors attended the training courses conducted by the legal adviser of the Company covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and on-going obligations of a listed company.

The Directors are continually updated on the latest development regarding the Listing Rules and relevant statutory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for the Directors in their dealing in the Company's securities transactions. Having made specific enquiry to all the Directors, each of the Directors confirmed that he/she had complied with the Model Code throughout the year ended 31 August 2022.

Directors' and Officers' Liability Insurance and Indemnity

Code provision C.1.8 of the CG Code requires that there should be appropriate insurance cover in respect of legal action against its directors. During the year ended 31 August 2022, the Company arranged appropriate insurance to provide coverage for liabilities of the Directors and officers of the Group.

Procedure for Seeking Independent Professional Advice

The Directors are able, upon reasonable request, to seek professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

BOARD COMMITTEES

Audit Committee

The Company has established the Audit Committee with specific written terms of reference in compliance with the CG Code during the year ended 31 August 2022 and up to the date of this annual report, the Audit Committee comprises three members, namely Mr. Yau Wai Man, Philip (resigned on 20 July 2022), Mr. Wong Chi Wah (appointed on 20 July 2022), Mr. Zan Zhihong and Mr. Hu Yuting. The chairman of the Audit Committee is Mr. Wong Chi Wah and all members are independent non-executive Directors.

The main duties of the Audit Committee include the following:

i. to be primarily responsible for making recommendations to the Board on the remuneration, appointment, re-appointment and removal of the external auditor;

ii. to discuss with the external auditor the nature and scope of the audit and reporting obligations;

iii. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

iv. to review the Company and its subsidiaries' financial and accounting policies and practices;

v. to monitor the integrity of the Company's financial statements, annual reports and interim reports and to review significant financial reporting judgments contained in them;

vi. to review the Company's financial controls, risk management and internal control systems;

vii. to review the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

viii. where an internal audit function exists, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and

ix. to review continuing connected transactions of the Company and ensure compliance with the Listing Rules.

The Audit Committee shall meet at least twice a year. During the year ended 31 August 2022, the Audit Committee held three meetings, at which the Audit Committee mainly considered and reviewed internal audit report, 2021 annual result announcement, and 2022 interim result announcement.

The table below sets out the details of meetings attendance of each member of the Audit Committee during the year ended 31 August 2022:

Name of Directors	Attendance/ Number of Meetings
Mr. Yau Wai Man, Philip [Note (a)] (resigned on 20 July 2022)	2/2
Mr. Wong Chi Wah [Note (b)] (appointed on 20 July 2022)	1/1
Mr. Zan Zhihong	3/3
Mr. Hu Yuting	3/3

Notes:

(a) Mr. Yau Wai Man, Philip resigned as independent non-executive Director on 20 July 2022 and attended all meetings of the Audit Committee prior his resignation.

(b) Mr. Wong Chi Wah was appointed as independent non-executive Director on 20 July 2022 and attended the meeting of the Audit Committee subsequent to his appointment.

Auditor's Remuneration

Moore CPA Limited, Certified Public Accountants, acting as the Company's external auditor provided the annual audit services for the year ended 31 August 2022. For the year ended 31 August 2022, the remuneration paid or payable to Moore CPA Limited in respect of audit and non-audit services provided is set out below:

Services Rendered	Remuneration Paid/Payable RMB'000
Annual audit services	2,250
Non-audit services	–
Total	2,250

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the external auditor and the management of the Company for the year ended 31 August 2022.

Remuneration Committee

The Company has established the Remuneration Committee with specific written terms of reference in compliance with the CG Code. During the year ended 31 August 2022 and up to the date of this annual report, the Remuneration Committee comprises three members, namely Mr. Hu Yuting, Mr. Yau Wai Man, Philip (resigned on 20 July 2022), Mr. Wong Chi Wah (appointed on 20 July 2022), and Mr. Niu Jian. The chairman of the Remuneration Committee is Mr. Hu Yuting and majority of members are independent non-executive Directors.

The principal duties of the Remuneration Committee include the followings:

i. to make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management;

ii. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;

iii. to make recommendations to the Board on the remuneration packages of individual executive Director and senior management;

iv. to make recommendations to the Board on the remuneration of independent non-executive Directors; and

v. to advise Shareholders, if necessary, on how to vote in respect of any service contracts of Directors that requires Shareholders' approval in accordance with the Listing Rules.

The Remuneration Committee shall meet at least once every year. During the year ended 31 August 2022, the Remuneration Committee held one meeting, at which the Remuneration Committee mainly considered and reviewed the remuneration for Mr. Wong Chi Wah.

The table below sets out the details of meeting attendance of each member of the Remuneration Committee during the year ended 31 August 2022:

Name of Directors	**Attendance/ Number of Meetings**
Mr. Hu Yuting	1/1
Mr. Yau Wai Man, Philip (resigned on 20 July 2022)	1/1
Mr. Wong Chi Wah (appointed on 20 July 2022)	0/0
Mr. Niu Jian (resigned on 27 May 2024)	1/1

Details of the remuneration by band of the members of the senior management (excluding four executive Directors) of the Company for the year ended 31 August 2022 are set out below:

Remuneration band	**Number of employee**
Nil to RMB1,000,000	2

Details of the Directors' remuneration for the year ended 31 August 2022 are set out in the note 7 to the consolidated financial statements.

Nomination Committee

The Company has established the Nomination Committee with specific written terms of reference in compliance with the CG Code. During the year ended 31 August 2022 and up to the date of this annual report, the Nomination Committee comprises three members, namely Mr. Niu Sanping, Mr. Zan Zhihong and Mr. Hu Yuting. The chairman of the Nomination Committee is Mr. Niu Sanping and majority of members are Independent Non-executive Directors.

The principal duties of the Nomination Committee include the followings:

i. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board;

ii. to develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship;

iii. to identify individuals who are suitable to become a member of the Board and to make recommendations to the Board on the selection of individuals nominated for directorships;

iv. to assess the independence of independent non-executive Directors;

v. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; and

vi. to review the board diversity policy and the nomination policy.

The Nomination Committee shall meet at least once every year. During the year ended 31 August 2022, the Nomination Committee held two meetings, at which the Nomination Committee mainly reviewed the proposals of the Board structure, the diversity policy of the Board members, the independence of the independent non-executive Directors, etc.

The table below sets out the details of meetings attendance of each member of the Nomination Committee during the year ended 31 August 2022:

Name of Directors	Attendance/ Number of Meetings
Mr. Niu Sanping (resigned on 27 May 2024)	2/2
Mr. Zan Zhihong	2/2
Mr. Hu Yuting	2/2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Company provides monthly updates on the business performance with explanatory information to the Directors for them to understand the position, development and prospects of the Group.

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner as required by the Listing Rules.

The statement by the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing the Company's risk management and internal control systems and reviewing its effectiveness on an ongoing basis. The Group's risk management and internal control systems are designed to manage rather than eliminate business risk and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also appointed Mr. Zhang Zhiwei as the risk management controller of our Group, responsible for daily management and monitor of daily operation risks and execution of significant business decision involving material risk exposures.

The annual review by the Board, through the Audit Committee, for the year ended 31 August 2022 in respect of among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programs for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions had been considered. The Board considers that effective and adequate risk management and internal control systems in other aspects are in place to safeguard the assets of the Group. A review of the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls, will be conducted by the Board at least annually.

DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Future Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

DIVIDEND POLICY

The determination to pay dividends will be made at the discretion of the Board, depending on the Company's results of operations, capital requirements and surplus, general financial condition, contractual restrictions, future prospects, and, as well as any other factors of which the Board may consider relevant. Dividends may be paid only out of distributable profits as permitted under the relevant laws. Any final dividend distribution shall also be subject to the approval of the Shareholders in a Shareholders' meeting.

COMPANY SECRETARY

The Company has appointed Mr. Zhang Senquan as the company secretary of the Company (the "**Company Secretary**"). Mr. Zhang Senquan currently serves as the chief executive officer of Zhong Rui Capital (Hong Kong) Limited, a corporate service provider, and is a member of each of Hong Kong Institute of Certified Public Accountants, China Institute of Certified Public Accountants and American Institute of Certified Public Accountants. His biography is set out in the "Directors and Senior Management" section of this annual report.

Although Mr. Zhang Senquan is not an employee of the Company, his primary contact of the Company is Mr. Niu Jian, the Chief Executive Officer and a former executive Director. He reports to the Board and in his capacity as the Company Secretary advises the Board on governance matters. In compliance with Rule 3.29 of the Listing Rules, Mr. Zhang Senquan attained not less than 15 hours of relevant professional training during the year ended 31 August 2022.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company's current Memorandum and Articles were adopted from the Listing on 16 July 2021. There have been no changes in the Company's Memorandum and Articles up to the date of this annual report.

In order to update the Memorandum and Articles so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, the Directors propose to make certain amendments to the Memorandum and Articles (the "**Proposed Amendments**").

The Directors further propose to restate the Memorandum and Articles incorporating and consolidating the Proposed Amendments and all previous amendments to the Memorandum and Articles approved and adopted by the Company to replace the Memorandum and Articles (the "**Proposed Restatement**").

The Proposed Amendments and Proposed Restatement are subject to the approval of Shareholders by way of special resolutions at the AGM.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Shareholders and potential investors on the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The general meetings provide opportunities for Shareholders to communicate directly with the Directors. The chairman of the Board, and the chairmen of the Board committees will attend the annual general meeting of the Company to answer Shareholders' questions. The Company recognizes the importance of maintaining on-going communications with the Shareholders and encourages them to attend the general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintains a website at http://chinageg.cn where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by public investors.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each substantially different issue at Shareholder meetings, including nomination and election or re-election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

Procedures for Shareholders to convene an extraordinary general meeting

In accordance with Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

In respect of proposing a person for election as a Director at general meetings, the period during which a written notice of intention to propose a person for election as a Director and a written notice by that person of his willingness to be elected together with the candidate's information as required to be disclosed under the Listing Rules are to be given to the Company's headquarters or its Hong Kong branch share registrar and transfer office shall be at least 7 days, such period shall commence on the day after the date when the notice of the general meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting.

Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary shall forward communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Officer.

Independent Auditor's Report

Independent Auditor's Report to the Shareholders of China General Education Group Limited
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of China General Education Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 61 to 116, which comprise the consolidated statement of financial position as at 31 August 2022, and consolidated the statement of 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(i) Limitation of scope on allegations with respect to the Company's initial public offering subscription and the use of proceeds

The Company had received allegations with respect to the Company's initial public offering (the "**IPO**") subscription and the use of proceeds from the Company's IPO (the "**Allegations**"). According to the Allegations, the Company entered into an investment agreement (the "**Investment Agreement**") with a third party (the "**Third Party**") for the subscription of the Company's shares by the Third Party during the Company's IPO.

The following agreements (collectively referred as "**Alleged Transactions**") are correlated to the Allegations, including:

(a) Investment Agreement to subscribe the Company's shares for amount of USD13,000,000 by the Third Party during the IPO, along with the additional agreements below:

(b) loan agreement (the "**Loan Agreement**") to a PRC company of RMB21,000,000 as a security deposit, which is repayable upon the Company's subscription of a private fund; and

(c) subscription agreement of a private fund in the amount of USD7,770,000.

On 27 February 2023, an Independent Investigation Committee ("**IIC**"), which is comprised of all the independent non-executive directors of the Company, was established. On the same day, the IIC engaged independent investigation specialists (the "**Investigation Specialists**") to conduct an investigation in respect of the Allegations and relevant audit issues. The Investigation Specialists completed their investigation and issued its investigation report dated 14 September 2023 (the "**Investigation Report**").

Prior to the listing of the Company's shares on the Hong Kong Stock Exchange on 16 July 2021, the Company terminated the Investment Agreement with the counterparty. The Company liaised with the representative of the Third Party to rescind the Investment Agreement which was agreed upon by both the Third Party, and the management of the Company advised that they received the previously signed Investment Agreement from the Third Party on 12 August 2021.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(i) Limitation of scope on allegations with respect to the Company's initial public offering subscription and the use of proceeds *(Continued)*

On 30 July 2021, the Group paid USD780,000 (equivalent to RMB5,060,000) to the Third Party in respect of provision of consultancy service on potential merger and acquisition for a service period of 3 years. The Group recognised RMB4,578,000 and RMB482,000 consultancy fee expenses in consolidated profit or loss for the year ended 31 August 2022 and 2021, respectively, and included amount of RMB4,567,000 in prepayments, other receivables and other assets as at 31 August 2021 in relate to this contract.

On 7 July 2021, the Group entered into the Loan Agreement (as mentioned in (b) above) with a PRC private company, Shenzhen Zhuochen Investment Management Co., Ltd. ("**Zhuochen**"), pursuant to which the Group transferred RMB21,000,000 to Zhuochen. The purported loan was made before the termination of the Investment Agreement. Zhuochen repaid RMB10,000,000 to the Group in August 2021 and RMB7,000,000 in September 2021. The amount of RMB11,000,000 and RMB4,000,000 has been classified and included in prepayments, other receivables and other assets as at 31 August 2021 and 2022 respectively. As Zhuochen had not repaid the remaining amount of RMB4,000,000 by July 2022, the Group filed a civil claim against Zhuochen and obtained a court judgment against Zhuochen for the outstanding amount and the corresponding interest in July 2023. As of the date of this report, the remaining balance of RMB4,000,000 was still outstanding. As disclosed in Note 18 to the consolidated financial statements, the Group recognised an impairment loss on RMB4,000,000 during the year ended 31 August 2022 in respect the remaining outstanding amount in view that the probability of Zhuochen to settle the outstanding amount is low.

Furthermore, the representative of the Third Party introduced a fund (the "**Fund**") to the Company in July 2021. Despite the rescission of the Investment Agreement as informed by the management of the Company prior to the listing of the Company's shares, the Company entered into a subscription agreement (as mentioned in (c) above) to subscribe for certain Fund units (the "**Investment**") amounted to USD7,770,000 (equivalent to RMB49,800,000) on 28 July 2021, which has been classified and included as financial assets at fair value through profit or loss as at 31 August 2021. On 28 February 2022, the Company requested for the redemption of the Investment with the fair value of USD7,197,000 (equivalent to RMB49,696,000). Notwithstanding the fact that there are disputes on the redemption amount and the relevant fees, the Fund agreed to repay the redemption proceeds of RMB48,102,000 to the Company by installments. The Group recognised RMB2,778,000 and RMB84,000 fair value loss on financial assets at fair value through profit or loss in the consolidated profit or loss for the year ended 31 August 2022 and 2021 respectively in respect of this investment. As of 31 August 2022, the Company not yet received any proceeds from the redemption amount of RMB48,102,000. Up to date of this report, the full amount of the proceeds was repaid by the Fund.

In relation to the aforementioned circumstances, we have not been provided with sufficient appropriate audit evidence from the Group's management and the Investigation Specialists, specifically regarding:

(i) the business rationale and commercial substance of the Alleged Transactions;

(ii) the completeness, accuracy and validity of the underlying documents of the Alleged Transactions;

(iii) the completeness, accuracy, valuation, validity and classifications of the carrying amounts of the resulting balances of the Alleged Transactions as of 31 August 2022 and 2021;

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(i) Limitation of scope on allegations with respect to the Company's initial public offering subscription and the use of proceeds *(Continued)*

(iv) the accuracy of impairment loss and fair value changes of the Alleged Transactions for the years ended 31 August 2022 and 2021.

As a result of these matters, we were unable to determine whether any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the Group's financial position as at 31 August 2022 and 2021 and its financial performance and cash flows for the years ended 31 August 2022 and 2021, the related elements and disclosures thereof in these consolidated financial statements.

(ii) Loans to an individual and former related company

The Company entered into a loan agreement with an individual who became a shareholder of the Company by subscribing for the Company's shares under their listing on the Hong Kong Stock Exchange. According to the Investigation Report, this individual is a friend of Mr. Niu Jian, a director of the Company. On 7 July 2021 and 22 December 2021, the Company granted loans of RMB10,000,000 and HK$28,000,000 to the shareholder which were interest-free and repayable on 6 August 2021 and 11 January 2022, respectively. Amounts of RMB10,000,000 and HK$28,000,000 were repaid on 21 July 2021 and 31 January 2022, respectively. There were no outstanding loan amount from the shareholder as of 31 August 2022 and 2021.

No impairment loss was recognised for all the abovementioned loans in the Group's consolidated financial statements for the years ended 31 August 2022 and 2021. However, no sufficient appropriate evidence was available to us to satisfy ourselves about whether the Group had proper credit risk assessment associated with the granting of the loans to such shareholder.

On 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to a former related company, Beijing Tongcai Education Consultant Limited ("**Beijing Tongcai**"). Beijing Tongcai ceased to be related company of the Group on 31 August 2022 as a result of disposal of equity interest by a director, Mr. Niu Jian. The loan was originally repayable within one year. The amount of RMB10,000,000 has been classified and included in prepayments, other receivables and other assets as at 31 August 2022. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. As Beijing Tongcai did not have sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and then further extended until March 2025. No impairment loss was recognised in the Group's consolidated financial statements for the year ended 31 August 2022 as the management considered that the loan can be fully recovered.

We were unable to obtain sufficient appropriate audit evidence about whether the Group had proper credit assessment regarding the granting, execution and extension of the abovementioned loans and whether the credit loss assessment on the carrying amount of RMB10,000,000 as at 31 August 2022 were free from material misstatement.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the commercial substance of the loans advanced to the shareholder and whether the Group had proper credit assessment regarding the granting, execution and extension of the abovementioned loans. We were also unable to obtain sufficient appropriate audit evidence about whether advance to the shareholder were properly presented in the consolidated financial statements for the years ended 31 August 2022 and 2021.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(ii) Loans to an individual and former related company *(Continued)*

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the Group's financial position as at 31 August 2022 and 2021 and its financial performance and cash flows for the years ended 31 August 2022 and 2021, the related elements and disclosures thereof in these consolidated financial statements.

(iii) Payments for consultancy fee

The Group entered into several agreements with certain parties relating to the following services:

(a) provision of consultancy services for a period from July 2021 to April 2023 in respect of investor relationship management and potential acquisition matters of HK$13,300,000 (equivalent to RMB11,676,000); and

(b) provision of consultant services in relation to tendering of land-use-right in the PRC of RMB20,000,000.

Item (a) above was entered into by the Company with the counterparty within one month after the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Group recognised RMB6,079,000 and RMB632,000 consultancy fee expenses in the consolidated profit or loss for the year ended 31 August 2022 and 2021 respectively in relation to this contract.

For item (b) above, was entered into by the Group on 22 February 2022, amount of RMB20,000,000 was paid during the year ended 31 August 2022 and has been classified and included in other non-current assets as at 31 August 2022. Subsequent to the end of the reporting period, the Group acquired the related land-use-right with a consideration of RMB104,280,000 in August 2023. In May 2024, the service provider refunded RMB15,300,000 to the Group.

We were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and classification of the payment transactions that led to the recognition of these consultancy fee. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the amount of RMB6,079,000 and RMB632,000 recognised as consultancy fee expense in the consolidated profit or loss for the years ended 31 August 2022 and 2021 respectively, and the amount of RMB20,000,000 included in other non-current assets as at 31 August 2022, were free from material misstatement. Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the Group's financial position as at 31 August 2022 and 2021 and its financial performance and cash flows for the years ended 31 August 2022 and 2021, the related elements and disclosures thereof in these consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 August 2021 were audited by another auditor who expressed an unmodified opinion on 29 November 2021.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the disclosure requirement of Hong Kong Companies Ordinance and for such internal control as the directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The 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 FINANCIAL STATEMENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

Moore CPA Limited
Certified Public Accountants

Pak Chi Yan
Practising Certificate Number: P06923

Hong Kong, 7 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**305,883**	289,262
Cost of sales		**(141,709)**	(117,335)
Gross profit		**164,174**	171,927
Other income and gains	5	**22,233**	20,209
Selling expenses		**(272)**	(292)
Administrative expenses		**(70,123)**	(61,466)
Finance cost	6	**(50)**	–
Impairment loss on other receivables	18	**(4,000)**	–
Other expenses		**(8,775)**	(619)
Profit before taxation	7	**103,187**	129,759
Income tax expense	10	**–**	–
Profit for the year attributable to equity shareholders of the Company		**103,187**	129,759
Earnings per share attributable to ordinary equity holders of the parent	12		
Basic and diluted			
– For profit for the year		**RMB0.21**	RMB0.33
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**9,438**	(1,783)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**9,438**	(1,783)
Other comprehensive income/(loss) for the year, net of tax		**9,438**	(1,783)
Total comprehensive income for the year attributable to equity shareholders of the Company		**112,625**	127,976

Consolidated Statement of Financial Position

As at 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	13	**755,629**	648,142
Right-of-use assets	14	**86,158**	87,479
Other intangible assets	15	**7,527**	2,316
Other non-current assets	16	**26,908**	57,248
		876,222	795,185
Current assets			
Trade receivables	17	**–**	18
Prepayments, other receivables and other assets	18	**109,258**	22,330
Financial assets at fair value through profit or loss	19	**–**	473,161
Cash and cash equivalents	20	**860,417**	594,687
		969,675	1,090,196
Current liabilities			
Other payables and accruals	21	**63,729**	108,298
Contract liabilities	22	**212,706**	194,017
Amount due to a director	28	**–**	241
Amounts due to related parties	28	**–**	2
Lease liability	14	**795**	–
Deferred income	23	**5,052**	8,702
		282,282	311,260
Net current assets		**687,393**	778,936
Total assets less current liabilities		**1,563,615**	1,574,121
Equity			
Equity attributable to owners of the Company			
Share capital	24	**33**	33
Reserves	25	**1,563,582**	1,574,088
Total equity		**1,563,615**	1,574,121

The financial statements were approved and authorised for issue by the board of directors on 7 June 2024.

Niu Xiaojun	**Zhang Zhonghua**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 August 2022

	Share capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserves* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 September 2020	–	–	83,278	248,426	–	–	737,539	1,069,243	(42)	1,069,201
Profit for the year	–	–	–	–	–	–	129,759	129,759	–	129,759
Other comprehensive loss for the year										
Exchange differences on translation of financial statements	–	–	–	–	–	(1,783)	–	(1,783)	–	(1,783)
Total comprehensive income for the year	–	–	–	–	–	(1,783)	129,759	127,976	–	127,976
Capitalisation issue of shares	25	(25)	–	–	–	–	–	–	–	–
Issuance of shares for the Initial Public Offering ("**IPO**")	8	384,206	–	–	–	–	–	384,214	–	384,214
Exercise of over-allotment option	–	16,927	–	–	–	–	–	16,927	–	16,927
Share issue expenses	–	(24,197)	–	–	–	–	–	(24,197)	–	(24,197)
Deemed acquisition of non-controlling interests	–	–	–	–	(42)	–	–	(42)	42	–
Transfer from retained profits to capital reserve	–	–	7,222	–	–	–	(7,222)	–	–	–
Appropriations to statutory surplus reserves	–	–	–	35,645	–	–	(35,645)	–	–	–
As at 31 August 2021	33	376,911	90,500	284,071	(42)	(1,783)	824,431	1,574,121	–	1,574,121

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 August 2022

	Share capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserves* RMB'000	Reserve for RSU Scheme RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
As at 1 September 2021	33	376,911	90,500	284,071	–	(42)	(1,783)	824,431	1,574,121
Profit for the year	–	–	–	–	–	–	–	103,187	103,187
Other comprehensive income for the year									
Exchange differences on translation of financial statements	–	–	–	–	–	–	9,438	–	9,438
Total comprehensive income for the year	–	–	–	–	–	–	9,438	103,187	112,625
Repurchase of shares under the restricted share unit scheme	–	–	–	–	(123,131)	–	–	–	(123,131)
Appropriations to statutory surplus reserves	–	–	–	33,238	–	–	–	(33,238)	–
As at 31 August 2022	**33**	**376,911**	**90,500**	**317,309**	**(123,131)**	**(42)**	**7,655**	**894,380**	**1,563,615**

* These reserve accounts comprise the consolidated reserves of RMB1,563,582,000 in the consolidated statement of financial position as at 31 August 2022 (2021: RMB1,574,088,000).

Consolidated Statement of Cash Flows

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Operating activities			
Profit before tax		**103,187**	129,759
Adjustments for:			
Bank interest income	5	**(11,561)**	(799)
Interest income from financial products	5	**(5,538)**	(11,402)
Loss on disposal of items of property, plant and equipment, net	7	**560**	175
Fair value loss/(gains) on financial assets at fair value through profit or loss		**2,778**	(3,381)
Administrative expenses		**3,405**	–
Finance cost		**50**	–
Impairment loss on other receivables	18	**4,000**	–
Depreciation of property, plant and equipment	7	**33,627**	35,017
Depreciation of right-of-use assets	7	**3,011**	2,320
Amortisation of other intangible assets	7	**1,917**	1,448
Decrease in trade receivables		**18**	76
Increase in prepayments, other receivables, and other assets		**(41,625)**	(13,984)
Increase in contract liabilities		**18,689**	191,509
(Decrease)/increase in other payables and accruals		**(51,843)**	16,671
(Decrease)/increase in amount due to a director		**(241)**	241
Decrease in amounts due to related parties		**(2)**	(5,499)
(Decrease)/increase in deferred income		**(3,650)**	8,702
Cash generated from operations		**56,732**	350,853
Interest received		**8,783**	545
Net cash flows from operating activities		**65,515**	351,398

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from investing activities			
Interest received		**8,924**	11,780
Receipt of prepayments, other receivables, and other assets		**–**	8,297
Additions to other intangible assets		**(7,128)**	(813)
Purchases of items of property, plant and equipment		**(70,298)**	(46,271)
Receipt of government grants for equipment and other intangible assets		**5,877**	6,514
Prepayments for purchase and construction of property, plant and equipment		**(40,000)**	(49,477)
Proceeds from disposal of property, plant and equipment		**21**	–
Purchases of financial assets at fair value through profit or loss		**–**	(2,349,779)
Proceeds from sale of financial assets at fair value through profit or loss		**417,407**	2,191,657
Net cash flows from/(used in) investing activities		**314,803**	(228,092)
Cash flows from financing activities			
Proceeds from issue of shares		**–**	401,141
Share issue expenses		**–**	(17,104)
Interest elements of lease payments		**(50)**	–
Payments of lease liabilities		**(845)**	–
Repurchase of shares	26	**(123,131)**	–
Net cash flows (used in)/from financing activities		**(124,026)**	384,037
Net increase in cash and cash equivalents		**256,292**	507,343
Cash and cash equivalents at beginning of year		**594,687**	89,127
Effect of foreign exchange rate changes, net		**9,438**	(1,783)
Cash and cash equivalents at end of year	20	**860,417**	594,687
Cash and cash equivalents as stated in the consolidated statement of financial position and as stated in the consolidated statement of cash flows	20	**860,417**	594,687

1. GENERAL INFORMATION

China General Education Group Limited (the "**Company**") was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021. The trading in the shares of the Company on the Stock Exchange have been suspended for trading since 29 November 2022.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of higher education services in the People's Republic of China (the "**PRC**"). There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Niusanping Limited, which is incorporated in British Virgin Islands and owned as to 53.25% equity interest held by Mr. Niu Sanping, who was the chairman and executive director of the Company.

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company				Principal activities
			2022		2021		
			Direct	Indirect	Direct	Indirect	
China General Education Group (Hong Kong) Limited	Hong Kong 7 November 2018	HK$1	100%	-	100%	-	Investment holding
General Business University of California Incorporated	California 22 October 2020	US$10,000	-	100%	-	100%	Provision of higher education services
Shanxi Tongshi Tiancai Educational Technology Co., Ltd ("**Shanxi WFOE**")*^ 山西通實天才教育科技有限公司 *(note i)*	The PRC 24 June 2019	RMB200,000,000	-	100%	-	100%	Provision of education management and services
Shanxi Tongcai Educational Technology Company Limited*^ 山西通才教育科技有限公司 *(note ii)*	The PRC 17 May 2018	RMB50,000,000	-	100%	-	100%	Investment holding
Shanxi Technology and Business College*^ 山西工商學院 *(note iii)*	The PRC 22 August 2006	RMB80,000,000	-	100%	-	100%	Provision of higher education services

* These entities are owned through contractual arrangements.

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

Notes:

i. This entity is a wholly foreign owned enterprise.

ii. This entity is a limited liability company.

iii. This entity is a private non-enterprise organisation.

1. GENERAL INFORMATION *(continued)*

Contractual arrangement

The prevailing PRC rules and regulations restrict foreign ownership of companies that provide higher education industry business in PRC, which represent the core activities of and services provided by the Group. As a result of such restrictions, the Company and its subsidiaries cannot have equity interests in entities that are engaged in business as described above. On 12 November 2020, Shanxi WFOE, Shanxi Tongcai Educational Technology Company Limited and the Registered Shareholders entered into a series of contractual arrangements, which include "Business Cooperation Agreement", "Exclusive Option Agreement", "Equity Pledge Agreement" and "Shareholders' Rights Proxy Agreement" and (collectively, the "**Contractual Arrangements**"), under which, in the opinion of directors of the Company, WFOE is entitled to all economic benefits arising from the business and operations of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries and has power to direct the relevant activities of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries. In addition, the spouse of each of the Registered Shareholders, if applicable, has provided irrevocable undertakings ("**Spouse Undertakings**") which stipulate certain matters to succession of the rights and obligations under the Contractual Arrangements.

Key provisions of the Contractual Arrangements and the Spousal Undertakings are as follows:

Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, Shanxi WFOE shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Affiliated Entities shall make payments accordingly.

Exclusive Technical Service and Management Consultancy Agreement

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Shanxi WFOE agrees to provide exclusive technical services to the PRC Affiliated Entities, including but not limited to, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Affiliated Entities; (d) provision of other technical support necessary for the education activities of the PRC Affiliated Entities; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the PRC Affiliated Entities. Furthermore, Shanxi WFOE agrees to provide exclusive management consultancy services to PRC Affiliated Entities, including but not limited to, (a) design of major and curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management system; (i) provision of administrative staff management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of online and offline marketing network; and (m) providing other management technical services reasonably requested by PRC Affiliated Entities.

1. GENERAL INFORMATION *(continued)*

Exclusive Call Option Agreement

Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably and unconditionally granted Shanxi WFOE or its designated purchaser the right to purchase all or part of the school sponsor's direct or indirect interest of School Sponsor in Shanxi Technology & Business and direct or indirect equity interest in School Sponsor (the "Equity Call Option"). The purchase price payable by Shanxi WFOE in respect of the transfer of such school sponsor's interest or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Shanxi WFOE or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest in Shanxi Technology & Business and/or equity interest in School Sponsor as it decides at any time.

School Sponsor's and Directors' Rights Entrustment Agreement And Shareholders' Rights Entrustment Agreement

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsor has irrevocably authorised and entrusted Shanxi WFOE to exercise all its rights as school sponsor of Shanxi Technology & Business to the extent permitted by the PRC laws.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each director of Shanxi Technology & Business (the "Appointees") has irrevocably authorized and entrusted Shanxi WFOE to exercise all their rights as directors of Shanxi Technology & Business to the extent permitted by the PRC laws.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorized and entrusted Shanxi WFOE to exercise all of his respective rights as shareholders of School Sponsor to the extent permitted by the PRC laws.

Powers of Attorney

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsor in favor of Shanxi WFOE, School Sponsor authorized and appointed Shanxi WFOE as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of Shanxi Technology & Business.

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Shanxi WFOE, each of the Appointees authorized and appointed Shanxi WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of Shanxi Technology & Business.

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Shanxi WFOE, each of the Registered Shareholders authorized and appointed Shanxi WFOE, as his agent to act on his behalf to exercise or delegate the exercise of all his rights as shareholders of the School Sponsor.

1. GENERAL INFORMATION *(continued)*

Spouse Undertaking

Pursuant to the Spouse Undertaking, Ms. Geng Jie, the spouse of Mr. Niu Sanping, as one of the Registered Shareholders, has irrevocably undertaken that (i) she has full knowledge of and has consented to the entering into of the Contractual Arrangements by Mr. Niu Sanping, Shanxi WFOE and PRC Affiliated Entities; (ii) she has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to PRC Affiliated Entities; (iii) she authorizes Mr. Niu Sanping or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest and fully cooperates with the implementation of the relevant documents and procedures at any time; and (iv) any undertaking, confirmation, consent and authorization under the Spouse Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected.

Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in the School Sponsor, together with all related rights thereto to Shanxi WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Shanxi WFOE as a result of any event of default on the part of the Registered Shareholders and the PRC Affiliated Entities and all expenses incurred by Shanxi WFOE as a result of enforcement of the obligations of the Registered Shareholders and the PRC Affiliated Entities under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreement, without the prior written consent of Shanxi WFOE, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity interest pursuant to the Equity Pledge Agreement.

Pursuant to the Equity Pledge Agreement, each party has undertaken that, if the registration authorities require to define the amount of the principal claim upon the pledge range in the equity pledge registration, the amount of claims under the Contractual Arrangements shall be registered as the principal, RMB50,000,000 and any other amount in the event of default and compensation under the Contractual Arrangements.

The directors of the Company considered that Shanxi WFOE has the practical ability to direct the relevant activities of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries and is the ultimate beneficial owner. Accordingly, in the opinion of the directors of the Company, the Contractual Arrangements are legally enforceable taking into account legal advice from Global Law Office and the Company is able to control Shanxi Tongcai Educational Technology Company Limited and its subsidiaries.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9 Illustrative Examples Accompanying IFRS 16 and IAS 41*[1]
Amendments to IAS 21	*The effects of changes in foreign exchange rates: Lack of exchangeability*[4]

1 Effective for annual periods beginning on or after 1 January 2022.

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

3 Effective for annual periods beginning on or after 1 January 2024.

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

5 Effective for annual periods beginning on or after a date to be determined.

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

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income 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.

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:

Property and buildings	2%
Electronic devices	10%-17%
Furniture and fixtures	10%-20%
Motor vehicles	10%
Others	33%-50%

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 the statement of profit or loss and other comprehensive income 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 buildings under construction, including students' residential hall, playground and academic buildings, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 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.

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	50 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.

(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 machinery and equipment (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 office equipment and laptop computers that are 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.

Group as a lessor

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 term and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 other 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 flows 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.

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:

(a) 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 the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

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

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 risk 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)*

Impairment of financial assets *(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 a financial asset in default when contractual payments are one year 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.

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, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 other payables and accruals, an amount due to a director and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost 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 the statement of profit or loss and other comprehensive income 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 the statement of profit or loss and other comprehensive income.

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 the statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

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 reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, when 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, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised to depict the transfer of promised services to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

* Step 1: Identify the contract(s) with a customer

* Step 2: Identify the performance obligations in the contract

* Step 3: Determine the transaction price

* Step 4: Allocate the transaction price to the performance obligations in the contract

* Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains control of the services. The Group recognises revenue when the specific criteria have been met for the following activities:

Tuition and boarding fees 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 are recognised proportionately over the periods of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's schools is generally from September to August of the following year.

The Group does not expect to have any contracts where the period between the transfer of the services promised to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income from a financial asset 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.

Examination and training income is recognised proportionately over the periods of the applicable programme.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

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

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of which are given in note 26 to these 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 the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

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 the statement of profit or loss and other comprehensive income.

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:

Contractual arrangements

The Group conducts the private higher education business through Shanxi General Education Technology Limited (the "**PRC Operating Entity**") in the PRC as PRC laws and regulations generally restrict foreign ownership in the private education industry in the PRC.

The Group exercises control over the PRC Operating Entity and enjoys all economic benefits of the PRC Operating Entity through the contractual arrangements.

The Group considers that it controls the PRC Operating Entity, notwithstanding the fact that it does not hold any direct equity interest in the PRC Operating Entity, as it has power over the financial and operating policies of the PRC Operating Entity and receives substantially all of the economic benefits from the business activities of the PRC Operating Entity through the contractual arrangements. Accordingly, the PRC Operating Entity has been accounted for as a subsidiary during the year.

Current and deferred tax

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

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.

Provision for expected credit losses on other receivables

The provision for receivables is made based on assessment of their recoverability and ageing analysis of receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of debtors' actual default in the future. Further details of the carrying amounts of other receivables are disclosed in note 18 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher education services in Mainland China.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the year, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

No services provided to a single customer amounted to 10% or more of the total revenue of the Group during the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Note	2022 RMB'000	2021 RMB'000
Revenue			
Tuition fees		**279,477**	264,249
Boarding fees		**26,406**	25,013
Total revenue from contracts with customers		**305,883**	289,262
Other income and gains			
Bank interest income		**11,561**	799
Interest income from financial products		**5,538**	11,402
Examination and training income		**1,691**	1,282
Fair value gains on financial assets at fair value through profit or loss		**–**	3,381
Government grant	(i)	**1,008**	–
Others		**2,435**	3,345
		22,233	20,209

(i) The government grant represent the one-off government grants that were received from local government authorities of which were not capital in nature and not related to major business operation.

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
Tuition fees recognised over time	**279,477**	264,249
Boarding fees recognised over time	**26,406**	25,013
	305,883	289,262

The Group's contracts with students for college education programmes and boarding services can be terminated anytime without compensation. Tuition and boarding fees are determined and paid by the students before the start of each academic year.

(b) Performance obligations

The performance obligation is satisfied over time as services are rendered in each academic year. Tuition fees and boarding fees are required in advance prior to the beginning of each academic year.

6. FINANCE COST

	2022 RMB'000	2021 RMB'000
Interest expense on lease liabilities	**50**	–

7. PROFIT BEFORE TAXATION

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2022 RMB'000	2021 RMB'000
Employee benefit expense (excluding directors' and chief executive's remuneration (Note 8)):			
Wages and salaries		**76,873**	62,765
Pension scheme contributions (defined contribution scheme)		**17,656**	13,160
Consultancy fee		**12,437**	4,243
Utilities		**15,677**	13,775
Property management fee		**8,795**	6,000
Repairs and maintenance		**6,925**	4,246
Depreciation of property, plant and equipment	13	**33,627**	35,017
Depreciation of right-of-use assets	14	**3,011**	2,320
Amortisation of other intangible assets	15	**1,917**	1,448
Auditor's remuneration		**4,871**	2,010
Loss on disposal of items of property, plant and equipment, net	(a)	**560**	175
Donation expenses		**–**	100
Listing expenses	(b)	**43**	20,094
Government grants	(c)	**(2,491)**	(918)

Notes:

(a) Loss on disposal of items of property, plant and equipment and donation expenses are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

(b) Listing expenses are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(c) Various government grants have been received for certain teaching and research activities. The government grants received have been deducted from cost of sales in the consolidated statement of profit or loss and other comprehensive income when they relate to income. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 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, are as follows:

	2022 RMB'000	2021 RMB'000
Fees	**397**	49
Other emoluments:		
Salaries, allowances and benefits in kind	**4,590**	2,332
Performance related bonuses	**–**	–
Pension scheme contributions	**161**	141
	5,148	2,522

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 **RMB'000**	2021 RMB'000
Independent non-executive directors		
Mr. Yau Wai Man Philip	**175**	25
Mr. Hu Yuting	**99**	12
Mr. Zan Zhihong	**99**	12
Mr. Wong Chi Wah	**24**	–
	397	49

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no fees or other emoluments payable to the independent non-executive directors during the year.

(b) Executive directors

Year ended 31 August 2022

	Fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Performance related bonuses RMB'000**	**Pension scheme contributions RMB'000**	**Total remuneration RMB'000**
Executive directors:					
– Mr. Niu Sanping[1]	**–**	**2,002**	**–**	**–**	**2,002**
– Mr. Niu Jian[1]	**–**	**2,000**	**–**	**65**	**2,065**
– Ms. Zhang Zhonghua	**–**	**295**	**–**	**60**	**355**
– Mr. Niu Xiaojun	**–**	**293**	**–**	**36**	**329**
	–	**4,590**	**–**	**161**	**4,751**

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors *(continued)*

Year ended 31 August 2021

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. Niu Sanping[1]	–	1,540	–	–	1,540
– Mr. Niu Jian[1]	–	441	–	44	485
– Ms. Zhang Zhonghua	–	199	–	59	258
– Mr. Niu Xiaojun	–	152	–	38	190
	–	2,332	–	141	2,473

[1] Mr. Niu Sanping and Mr. Niu Jian have resigned as executive director on 27 May 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

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 during the year ended 31 August 2022 included 4 directors (2021: 3), details of whose remuneration are set out in note 8 above. Details of the remuneration for the years of the remaining 1 (2021: 2) highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	**513**	341
Pension scheme contributions	**–**	88
	513	429

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2022	2021
Nil to HK$1,000,000	**1**	2

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 Act of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

China General Education Group (Hong Kong) Limited was subject to profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. 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.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the year and up to the date of this report, Shanxi Technology and Business College has historically enjoyed the preferential tax treatment since their establishment. As a result, no income tax expense was recognised by Shanxi Technology and Business College for the income from the provision of formal educational services during the year.

The Group's non-school subsidiaries established in Mainland China were subject to PRC corporate income tax at the rate of 25% during the year.

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

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

	2022 **RMB'000**	2021 RMB'000
Current tax	**–**	–
Charge for the year	**–**	–
Total tax charge for the year	**–**	–

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2022	2021
	RMB'000	RMB'000
Profit before tax	**103,187**	129,759
Tax at the statutory tax rate	**25,797**	33,363
Expense not deductible for tax	**16,681**	6,216
Income not subject to tax	**(41,816)**	(39,855)
Utilisation of tax loss previously not recognised	**(702)**	–
Tax losses not recognised	**40**	276
Tax charge at the Group's effective rate	**–**	–

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.

As at 31 August 2022 and 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 August 2022 and 2021, 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 RMB948,448,000 and RMB845,086,000, respectively.

As at 31 August 2022, the Group had tax losses arising in Mainland China of RMB160,000 (2021: RMB1,410,000), which will expire in three to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that the taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

11. DIVIDENDS

No dividend has been paid or declared by the Company in the current year (2021: nil).

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

On 16 July 2021, the Company was listed on the Stock Exchange by way of issuing 125,000,000 new ordinary shares and capitalisation issue of 374,999,800 ordinary shares (the "**Capitalisation Issue**") (note 24). On 11 August 2021, the over-allotment option was partially exercised and the Company allotted and issued 5,517,000 additional shares (note 24).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2022 and 2021. The calculations of basic and diluted earnings per share are based on:

	2022 RMB'000	2021 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
Profit attributable to ordinary equity holders of the parent	**103,187**	129,759

	Number of shares 2022	2021
Shares		
Number of issued shares on 1 September	**505,517,000**	200
Effect of capitalisation issue on 16 July 2021	**–**	374,999,800
Effect of the IPO (excluding shares issued under the over-allotment option on 16 July 2021)	**–**	16,095,890
Effect of the over-allotment option on 11 August 2021	**–**	317,416
Weighted average number of shares held for the RSU Scheme	**(14,604,849)**	–
Adjusted weighted average number of ordinary shares in issue Used in the basic earnings per share calculation	**490,912,151**	391,413,306

13. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings RMB'000	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2022							
At 1 September 2021:							
Cost	693,817	115,118	62,365	7,303	29,384	25,782	933,769
Accumulated depreciation	(126,467)	(82,565)	(46,588)	(5,451)	(24,556)	–	(285,627)
Net carrying amount	567,350	32,553	15,777	1,852	4,828	25,782	648,142
At 1 September 2021, net of accumulated depreciation	567,350	32,553	15,777	1,852	4,828	25,782	648,142
Additions	8,338	8,263	1,055	864	2,567	126,485	147,572
Government grants (note 23)	–	(5,735)	(133)	–	(9)	–	(5,877)
Transfers	42,541	2,490	–	–	–	(45,031)	–
Disposal	–	(571)	–	–	(10)	–	(581)
Depreciation (note 7)	(17,856)	(9,284)	(3,215)	(572)	(2,700)	–	(33,627)
At 31 August 2022, net of accumulated depreciation	600,373	27,716	13,484	2,144	4,676	107,236	755,629
At 31 August 2022:							
Cost	744,696	119,565	63,287	8,167	31,942	107,236	1,074,893
Accumulated depreciation	(144,323)	(91,849)	(49,803)	(6,023)	(27,266)	–	(319,264)
Net carrying amount	600,373	27,716	13,484	2,144	4,676	107,236	755,629

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Property and buildings RMB'000	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2021							
At 1 September 2020:							
Cost	690,853	110,071	61,502	7,303	26,298	4,785	900,812
Accumulated depreciation	(111,251)	(73,560)	(42,404)	(4,814)	(19,023)	–	(251,052)
Net carrying amount	579,602	36,511	19,098	2,489	7,275	4,785	649,760
At 1 September 2020, net of accumulated depreciation	579,602	36,511	19,098	2,489	7,275	4,785	649,760
Additions	4,400	7,905	1,896	–	3,281	21,162	38,644
Government grants (note 23)	(1,601)	(2,548)	(726)	–	(195)	–	(5,070)
Transfers	165	–	–	–	–	(165)	–
Disposal	(1)	(85)	(89)	–	–	–	(175)
Depreciation (note 7)	(15,215)	(9,230)	(4,402)	(637)	(5,533)	–	(35,017)
At 31 August 2021, net of accumulated depreciation	567,350	32,553	15,777	1,852	4,828	25,782	648,142
At 31 August 2021:							
Cost	693,817	115,118	62,365	7,303	29,384	25,782	933,769
Accumulated depreciation	(126,467)	(82,565)	(46,588)	(5,451)	(24,556)	–	(285,627)
Net carrying amount	567,350	32,553	15,777	1,852	4,828	25,782	648,142

The Group's buildings are situated in Mainland China.

As at 31 August 2022, certificates of ownership in respect of certain buildings of the Group located in Taiyuan city, the PRC, with a total net carrying amount of approximately RMB425,844,000 (2021: RMB392,637,000), have not yet been issued by the relevant PRC authorities. As at 31 August 2022, the Group was still in the process of obtaining these certificates.

14. LEASES

The Group as a lessee

The Group has lease contracts for land use rights used in its operation. Lump sum payments were made upfront to acquire the land use rights with the lease periods of 50 years from the owners, and no ongoing payments will be made under the terms of the land lease.

(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:

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**87,479**	89,799
Additions	**1,690**	–
Depreciation provided during the year	**(3,011)**	(2,320)
Carrying amount at end of year, net of accumulated depreciation	**86,158**	87,479
At end of year:		
Cost	**107,030**	105,342
Accumulated depreciation	**(20,872)**	(17,863)
Net carrying amount	**86,158**	87,479

(b) Leasing liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**–**	–
New lease	**1,690**	–
Interest	**(50)**	–
Payments	**(845)**	–
Carrying amount at end of year	**795**	–
Analysed into:		
Current	**795**	–
Non-current	**–**	–
Net carrying amount	**795**	–

As at 31 August 2022, the Group has obtained all land use rights certificates for leased land (2021: in the progress of applying with aggregate net carrying amounts of RMB30,360,000, for which the Group had not obtained the land use rights certificates).

14. LEASES *(continued)*

The Group as a lessor

The Group leases certain of its items of property, plant and equipment with terms ranging from one to five years which are cancellable with three months' notice.

As at 31 August 2022 and 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**1,663**	403

15. OTHER INTANGIBLE ASSETS

	2022 RMB'000	2021 RMB'000
Software		
Carrying amount at beginning of year	**2,316**	4,395
Additions	**7,128**	813
Government grants (note 23)	**–**	(1,444)
Amortisation provided during the year	**(1,917)**	(1,448)
Carrying amount at end of year, net of accumulated amortisation	**7,527**	2,316
At end of year:		
Cost	**17,187**	10,059
Accumulated amortisation	**(9,660)**	(7,743)
Net carrying amount	**7,527**	2,316

16. OTHER NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000
Prepayments for acquisition of land use rights	**26,908**	7,248
Prepayments for purchase and construction of property, plant and equipment	**–**	50,000
	26,908	57,248

17. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Tuition fees receivable	–	16
Boarding fees receivable	–	2
	–	18

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming academic year, which normally commences in September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables were immaterial, there is no significant concentration of credit risk to the Group. 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 provisions, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	–	11
1 to 2 years	–	–
2 to 3 years	–	–
3 to 4 years	–	7
	–	18

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the historical default rate and days past due of the trade receivables in measuring the expected credit losses during the year.

Trade receivables as at the end of each reporting period were not past due and had no recent history of default. The expected credit losses were assessed to be minimal at the end of each reporting period.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Prepaid service expense	**6,588**	8,185
Tendering deposit	**26,336**	–
Redemption receivable (note a)	**48,102**	–
Loan receivable from a former related company (note b)	**10,000**	–
Loan receivables from suppliers (note c)	**14,385**	–
Loan receivable (note d)	**4,000**	–
Interest receivables	**2,252**	–
Other receivables	**1,595**	14,145
	113,258	22,330
Less: Provision for impairment (note d)	**(4,000)**	–
	109,258	22,330

(a) On 28 February 2022, The Group requested the full redemption of the Investment of RMB48,102,000. As at 31 August 2022, the redemption receivable have been fully past due and the directors of the Company consider that the redemption receivable is credit-impaired and the loss allowance is measured at an amount equal to lifetime ECLs. Subsequent to the year ended date, the redemption receivable was fully settled and no provision for ECL was provided for the year.

(b) The amount related to loan receivable of RMB10,000,000 from a former related company , Beijing Tongcai Education Consultant Limited ("Beijing Tongcai"). Beijing Tongcai ceased to be related company of the Group on 31 August 2022 as a result of disposal of equity interest by the director, Mr. Niu Jian. On 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to Beijing Tongcai for the working capital purpose of the Chinese language examinations project. The loan was originally repayable within one year. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. Beijing Tongcai was lack of sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and further extended until March 2025. The management expected that the full amounts will be recovered and no provision of ECL was provided for the year.

(c) The loan receivables from suppliers of approximately RMB14,385,000 were due from four suppliers. Except of a loan receivable amount of RMB3,385,000 are interest bearing at 6% and mature within three years, the remaining loan receivables of RMB11,000,000 were unsecured, interest-free and will mature within one year. The directors of the Company regularly review and assess the credit risk of the counterparties. Since these receivables are not past due, and there was no historical default record, the management consider that the Group's credit risk is not significant after considering the financial background and conditions of the counterparties. Accordingly, the ECL was assessed to be minimal and no provision was provided for the year. These amounts were fully settled during October 2022 to December 2022.

(d) The loan receivable related to the Group entered into the Loan Agreement with a PRC private company on 7 July 2021, pursuant to which the Group transferred RMB21,000,000 to the Payee without interest and repayable upon the Group subscribe of the designated investment product. The Payee repaid RMB17,000,000 to the Group in August and September 2021. As the Payee had not repaid the remaining amount of RMB4,000,000 by July 2022, the Group filed a civil litigation against the Payee and obtained court judgments against the Payee for the outstanding amount and the corresponding interest in July 2023, but remaining balance still not yet recovered up to the date of this report. The management considered that this balance to be doubtful and recognise ECLs for the full outstanding amount of RMB4,000,000 during the year.

The remaining receivables are interest-free and are not secured with collateral. None of the financial assets included in the above balances related to receivables is past due except the receivables from a third party mentioned in notes (a) to (d) above.

Except receivables mentioned in notes (a) to (d), the above financial assets related to receivables have no recent history of default.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Unlisted investments, at fair value	–	473,161

The above unlisted investments were wealth management and fund products. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	860,417	418,453
Time deposits within original maturity within 3 months	–	176,234
Cash and cash equivalents	860,417	594,687
Cash and cash equivalents denominated in:		
–RMB	858,520	496,988
–HK$	1,897	97,699

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to RMB858,520,000 (2021: RMB496,988,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. OTHER PAYABLES AND ACCRUALS

	Note	2022 RMB'000	2021 RMB'000
Payables for purchase and construction of property, plant and equipment		**18,020**	25,104
Payables for listing expenses		**312**	17,433
Miscellaneous fees received from students	(a)	**2,940**	16,368
Subsidies payable to students		**10,484**	12,112
Payables for logistics services and other services		**6,840**	15,281
Payables for salaries, social insurance, and housing fund		**12,580**	7,466
Other tax payables		**4,277**	4,102
Other payables		**8,276**	10,432
		63,729	108,298

Note:

(a) The amount represents the miscellaneous fees received from students which will be paid out on behalf of students.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals at the end of the years approximated to their fair values due to their short-term maturities.

22. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at the end of the reporting period, and are expected to be recognised within one year:

	2022 RMB'000	2021 RMB'000
Tuition fees	**187,147**	172,971
Boarding fees	**25,559**	21,046
Contract liabilities	**212,706**	194,017

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 period of the applicable program. The students are entitled to the refund of payments in relation to the proportionate services not rendered.

22. CONTRACT LIABILITIES *(continued)*

Significant changes in the contract liability balances during the year are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**194,017**	2,508
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**(194,017)**	(2,332)
Increase due to cash received, net of the amounts recognised as revenue during the year	**212,706**	193,841
At the end of the year	**212,706**	194,017

23. DEFERRED INCOME

Deferred income represents the government grants received for subsidies in connection with the construction of certain fixed assets, other intangible assets and compensation for future cost or expense. The grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

24. SHARE CAPITAL

	2022 RMB'000	2021 RMB'000
Authorised:		
5,000,000,000 ordinary shares of US$0.00001 each as at 31 August 2022 (2021: 5,000,000,000 ordinary shares)	**342**	342
Issued and fully paid:		
505,517,000 ordinary shares as at 31 August 2022 (2021: 505,517,000 ordinary shares)	**33**	33

		Number of shares in issue	Share capital RMB'000
Before the Capitalisation issue		**200**	**–**
Capitalisation issue	(i)	**374,999,800**	**25**
Global offering (excluding shares issued under the over-allotment option)	(ii)	**125,000,000**	**8**
Over-allotment	(iii)	**5,517,000**	**–**
At 31 August 2021 and 2022		**505,517,000**	**33**

24. SHARE CAPITAL *(continued)*

(i) On 16 July 2021, a total of 374,999,800 shares were issued by way of capitalisation with a par value US$0.00001 each, and the respective share capital amount was approximately RMB25,000.

(ii) On 16 July 2021, the Company was listed on the Stock Exchange and made an offering of 125,000,000 ordinary shares (excluding any ordinary shares issued pursuant to the exercise of the over-allotment option) at a price of HK$3.69 per share.

(iii) On 11 August 2021, the over-allotment option was partially exercised and the Company allotted and issued 5,517,000 additional shares, representing approximately 1.09% of the total number of the offer shares initially available under the global offering, at HK$3.69 per share.

25. 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 of financial statements.

(a) 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 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 the proposed dividend is to be paid.

(b) Capital reserve

The capital reserve of the Group represents the capital contribution from the then equity holders of the Group's subsidiaries in prior years and the additions during the year represent the amounts transfers from part of the retained profits to the share capital of Shanxi Technology and Business College.

(c) Statutory surplus reserves

Pursuant to the relevant PRC laws, the Company's subsidiaries in Mainland China 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 statutory surplus reserves 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 registered 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, private schools that do not require reasonable returns are required to appropriate the development fund not less than 25% of the net increase in net assets of the relevant schools, as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

25. RESERVES *(continued)*

(d) Reserve for RSU scheme

The RSU Scheme is operated through an independent third party trustee. The RSU Trustee administers the RSU Scheme in accordance with the rules of the RSU Scheme and the trust deed.

The Company has the power to direct the relevant activities of the RSU Scheme and it has the ability to use its power over the RSU Scheme to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Scheme are included in Group's consolidated statement of financial position and the ordinary shares held for the Company's RSU scheme were presented as "Reserve for RSU scheme".

(e) Other reserve

Other reserve represents the proportionate share of subsidiaries now comprising the Group attributable to a party other than the controlling shareholder prior to the Reorganisation and was deemed to be acquired by the Company at nil consideration upon the Reorganisation.

26. RESTRICTED SHARE UNIT SCHEME

The Company's RSU Scheme was adopted pursuant to a resolution passed on 13 January 2022 for the primary purpose of providing incentives to directors and eligible employees. The RSU Scheme will be valid and effective for a period of ten years, commencing from 13 January 2022.

The maximum number of restricted share units ("**RSUs**") that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of shares held or to be held by the RSU Trustee for the purpose of the RSU Scheme from time to time.

The movements of the Company's shares held for RSU Scheme account during the years ended 31 August 2022 and 2021 are as follows:

	Number of shares	Amount RMB'000
As at 1 September 2020 and 2021	–	–
Repurchase of shares held for RSU scheme	37,481,000	123,131
As at 31 August 2022	37,481,000	123,131

During the year ended 31 August 2022, 37,481,000 ordinary shares of the Company on the Stock Exchange were purchased for the RSU Scheme at a total consideration of approximately RMB123,131,000. No RSUs have been grant to employee during the year and no share award expense was recognised in the statement of profit or loss.

27. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Property	131,674	195,262
Teaching facilities	34,064	11,607
	165,738	206,869

28. RELATED PARTY TRANSACTIONS

(a) Names and relationship

The directors of the Group are of the opinion that the following parties/companies are related parties that had transactions or balances with the Group during the year.

Name	Note	Relationship
Mr. Niu Sanping		Director and controlling shareholder of the Company
Mr. Niu Jian		Director of the Company/son of Mr. Niu Sanping
Niujian Limited		One of the shareholders of the Company controlled by Mr. Niu Sanping
Niusanping Limited		One of the shareholders of the Company controlled by Mr. Niu Jian
Shanxi Tongcai Education Investment Co., Ltd. ("**Tongcai Investment**")	(i)	A company jointly owned by Mr. Niu Sanping, Mr. Niu Jian and an independent third party

(b) Transactions with related parties

	2022 RMB'000	2021 RMB'000
Directors:		
Advance from directors	–	241
Other related parties:		
Purchases of services	–	397
Others	–	442

The above transactions were conducted on mutually agreed terms.

28. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had outstanding balances due from/ to related parties at 31 August 2022 and 2021.

Amount due to a director:

Name	**2022** **RMB'000**	2021 RMB'000
Mr. Niu Jian	**–**	241

Amounts due to related parties:

Name	Note	**2022** **RMB'000**	2021 RMB'000
Niusanping Limited	(a)	**–**	2

Note:

(a) Amounts due to a director, due to a related party were unsecured, interest-free, repayable on demand and non-trade in nature.

(d) Compensation of key management personnel of the Group

	2022 **RMB'000**	2021 RMB'000
Short term employee benefits	**4,590**	2,332
Pension scheme contributions	**161**	141
	4,751	2,473

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	2022 RMB'000	2021 RMB'000
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	–	473,161

Financial assets at amortised costs

	2022 RMB'000	2021 RMB'000
Trade receivables	–	18
Financial assets included in prepayments, other receivables, and other assets	106,670	14,145
Cash and cash equivalents	860,417	594,687
	967,087	608,850

Financial liabilities at amortised cost

	2022 RMB'000	2021 RMB'000
Financial liabilities included in other payables and accruals	60,789	92,443
Amount due to a director	–	241
Amounts due to related parties	–	2
	60,789	92,686

30. 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 fair values, are as follows:

Financial assets at fair value

	Carrying amounts		Fair values	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets at fair value through profit or loss	**–**	473,161	**–**	473,161

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, financial liabilities included in other payables and accruals, an amount due to a director and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 invests in unlisted investments, which represent wealth management and fund products. The Group has estimated the fair value of these unlisted investments based on fair values provided by financial institutions.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 August 2021:

Description	**Valuation technique**	**Significant unobservable input**	**Sensitivity change in Significant unobservable input**
Unlisted funds	Recent Transaction	N/A	N/A

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

Fair value hierarchy

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

Assets measured at fair value:

As at 31 August 2021

	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	423,465	49,696	473,161

The movements in fair value measurements within Level 3 during the year were as follows:

	2022 RMB'000	2021 RMB'000
As at 1 September	**49,696**	–
Total gains recognised in the statement of profit or loss and other comprehensive income included in other income	**–**	(83)
Purchase	**–**	49,779
Disposed	**(49,696)**	–
As at 31 August	**–**	49,696

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as an amount due to a director, amounts due to related parties, trade receivables, financial assets at fair value through profit or loss and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the proceeds from IPO in HK$.

Assuming sensitivity to a 5% increase where the HK$ weakens against the RMB, with all other variables held constant, there would be an increase in profit before tax of approximately RMB4,094,000 for the year (2021: RMB543,000). For a 5% strengthening of the currency there would be an equal and opposite impact on profit or loss. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rates.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Maximum exposure and year-end staging

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. The Group has no concentration of credit risk from third party debtors. The table below shows 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 year-end staging classification as at 31 August 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

As at 31 August 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	–	–
Financial assets included in prepayments, other receivables and other assets					
– Normal**	54,568	–	–	–	54,568
– Doubtful**	–	48,102	4,000	–	52,102
Cash and cash equivalents					
– not yet past due	860,417	–	–	–	860,417
	914,985	48,102	4,000	–	967,087

As at 31 August 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	18	18
Financial assets included in prepayments, other receivables and other assets					
– Normal**	14,145	–	–	–	14,145
Cash and cash equivalents					
– not yet past due	594,687	–	–	–	594,687
	608,832	–	–	18	608,850

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

* The Group's trade receivables are due from a number of individual students. Credit quality of each student is assessed and outstanding receivables are regularly monitored. For trade receivables to which the Group applies the simplified approach for impairment, information about the expected credit losses is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets 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" (note 18(a) to (d)).

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

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 (e.g., other receivables and other 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 internally generated cash flows from operation.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 August 2022

	On demand RMB'000	**Total RMB'000**
Financial liabilities included in other payables and accruals	**60,789**	**60,789**

As at 31 August 2021

	On demand RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	92,443	92,443
Amount due to a director	241	241
Amount due to a related party	2	2
	92,686	92,686

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital risk 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 manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

Capital of the Group includes equity attributable to owners of the Company. The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each reporting period were as follows:

	2022	2021
	RMB'000	RMB'000
Total liabilities	**282,282**	311,260
Total assets	**1,845,897**	1,885,381
Debt-to-asset ratios	**15%**	17%

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities
	RMB'000
At 1 September 2021	–
Financing cash flow	(895)
Non-cash transactions:	
New lease entered	1,690
At 31 August 2022	795

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**66,581**	50,000
Right-of-use assets	**878**	–
	67,459	50,000
CURRENT ASSETS		
Prepayments, deposits and other receivables	**152,725**	8,439
Amounts due from subsidiaries	**–**	23
Financial assets at fair value through profit or loss	**–**	49,696
Cash and cash equivalents	**11,441**	273,941
	164,166	332,099
CURRENT LIABILITIES		
Other payables and accruals	**1,039**	6,123
	1,039	6,123
NET CURRENT ASSETS	**163,127**	325,976
TOTAL ASSETS LESS CURRENT LIABILITIES	**230,586**	375,976
Net assets	**230,586**	375,976
EQUITY		
Share capital	**33**	33
Reserves (note)	**230,553**	375,943
Total equity	**230,586**	375,976

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Reserve for RSU scheme RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2021	388,570	–	(1,783)	(10,844)	375,943
Loss for the year	–	–	–	(31,469)	(31,469)
Other comprehensive income for the year:					
Exchange differences on translation of financial statements	–	–	9,210	–	9,210
Total comprehensive income for the year	–	–	9,210	(31,469)	(22,259)
Capitalisation Issue of shares	–	–	–	–	–
Repurchase of shares under the restricted share unit scheme	–	(123,131)	–	–	(123,131)
At 31 August 2022	388,570	(123,131)	7,427	(42,313)	230,553

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 7 June 2024.