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CHINA YUHUA EDUCATION CORPORATION LIMITED

中国宇华教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6169)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2024 AND RESUMPTION OF TRADING

HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China YuHua Education Corporation Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2024 (the “**Reporting Period**”). These annual results have been reviewed by the Company’s audit committee. The financial information presented on pages 5 to 47 is derived from the consolidated financial statements for the year ended 31 August 2024, which have been audited by the Company’s auditor, PricewaterhouseCoopers, in accordance with International Standards on Auditing.

The Board would like to further announce that it has received a written statement from the representatives of an ad-hoc group of bondholders (the “**AHG**”), who collectively hold more than 85% of the Bonds (as defined below). The statement reads as follows: The AHG is pleased to have successfully reached an agreement concerning the Company’s Bonds. The AHG extends its appreciation to the Company’s controlling shareholders, the Board, and the management team for their active and productive efforts throughout this process. Moving forward, the AHG will continue to support the Company in its future endeavors. The Board appreciates the statement made by the AHG and is pleased that the Bonds will be fully settled.

	Year ended 31 August		
	2024	2023	Change
	(RMB’000)	(RMB’000)	(%)
Revenue	2,485,293	2,380,276	4.4%
Gross Profit	982,297	1,147,732	–14.4%
Adjusted Gross Profit ¹	1,026,891	1,191,308	–13.8%
Adjusted Net Profit attributable to the owners of the Company ²	500,759	969,430	–48.3%

Notes:

1. The Adjusted Gross Profit for the year ended 31 August 2024 is calculated as gross profit for the period, excluding (i) the impact from share-based expense (in cost of revenue) and (ii) additional depreciation and amortisation due to the provisional fair value adjustments to the acquired identifiable assets of LEI Lie Ying Limited and its subsidiaries (including Hunan Lie Ying Industry Co., Ltd. (湖南獵鷹實業有限公司) (“**Hunan Lie Ying**”), which in turn owns the entire sponsorship interests in Hunan International Economics University (湖南涉外經濟學院), Hunan Lie Ying Mechanic School (湖南獵鷹技工學校) and Hunan International Economics University Vocational Skills Training Centre (湖南涉外經濟學院職業技能培訓中心), collectively “**HIEU Schools**”), Kaifeng City Yubohui Education Information Consulting Co., Ltd. (“**Yubohui Education**”) and its subsidiaries (including Kaifeng City Xiangfu District Bowang High School (“**Bowang High School**”)), Thai Education Holdings Co., Ltd. (“**TEDCO**”) and its subsidiaries (including Stamford International University) and Jinan Shuangsheng Education Consulting Co., Ltd. and its subsidiaries (including Shandong Yingcai University).
2. The Adjusted Net Profit attributable to owners of the Company for the year ended 31 August 2024 is calculated as the net profit attributable to the owners of the Company, excluding (i) the impact from share-based compensation expense; (ii) additional depreciation and amortization due to the provisional fair value adjustments to the acquired identifiable assets mentioned above in (1); (iii) government grants recognised during the period; and (iv) fair value change on convertible bond recognised during the period. For the calculation of the Adjusted Net Profit for the year ended 31 August 2023, please refer to the Company’s annual results announcement for the year ended 31 August 2023.

Non-IFRS Measures

To supplement the Group’s consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), the Company also uses Adjusted Gross Profit, Adjusted Operating Profit, Adjusted Net Profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group’s operating performance. The Company believes that these measures provide useful information to shareholders and potential investors in understanding and evaluating the Group’s consolidated results of operations in the same manner as they help the Group’s management. However, the Company’s presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. The use of these non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Company’s results of operations or financial condition as reported under IFRS.

Calculation of Adjusted Gross Profit

	Year ended 31 August	
	2024 (RMB'000)	2023 (RMB'000)
Gross Profit	982,297	1,147,732
Share-based compensation expenses in Cost of revenue	5,802	5,478
Additional depreciation and amortization due to the fair value adjustments to the acquired identifiable assets		
— HIEU Schools	10,997	11,191
— Bowang High School	1,542	1,542
— Shandong Yingcai University	21,965	21,077
— Stamford International University	4,288	4,288
Adjusted Gross Profit	1,026,891	1,191,308

Calculation of Adjusted Net Profit attributable to the owners of the Company

	Year ended 31 August	
	2024	2023
	(RMB'000)	(RMB'000)
Net Profit attributable to the owners of the Company	398,741	1,134,726
Share-based compensation expense in Cost of revenue	5,802	5,478
Share-based compensation expense in Administrative expenses	9,810	9,262
Additional depreciation and amortization due to the fair value adjustments to the acquired identifiable assets		
— HIEU Schools	11,104	11,300
— Bowang High School	1,701	1,190
— Shandong Yingcai University	21,965	21,077
— Stamford International University	4,288	4,288
Gains and losses related to convertible bonds ¹		
— Change in fair value on convertible bonds	55,568	(40,957)
— Net gains on repurchase of convertible bonds	—	(169,738)
— Losses arising from revising the terms of the convertible bonds	—	6,781
Government grants	(8,220)	(13,977)
Adjusted Net Profit attributable to owners of the Company	500,759	969,430

Note:

1. Details are set out in Note 4: Other (losses)/gains — net

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 August	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	3	2,485,293	2,380,276
Cost of revenue	5	<u>(1,502,996)</u>	<u>(1,232,544)</u>
Gross profit		982,297	1,147,732
Selling expenses	5	(27,386)	(24,872)
Administrative expenses	5	(280,715)	(200,540)
Net impairment losses on financial assets		(4,459)	(6,712)
Other income		14,605	21,678
Other (losses)/gains — net	4	<u>(254,247)</u>	<u>190,420</u>
Operating profit		430,095	1,127,706
Finance income		24,910	48,131
Finance expenses		<u>(57,944)</u>	<u>(37,278)</u>
Finance expenses — net		<u>(33,034)</u>	<u>10,853</u>
Profit before income tax		397,061	1,138,559
Income taxation	6	<u>6,861</u>	<u>1,545</u>
Profit for the year		<u>403,922</u>	<u>1,140,104</u>
Profit attributable to:			
Owners of the Company		398,741	1,134,726
Non-controlling interests		<u>5,181</u>	<u>5,378</u>
		<u>403,922</u>	<u>1,140,104</u>
Earnings per share attributable to owners of the Company (RMB Yuan)			
Basic earnings per share	7	0.11	0.32
Diluted earnings per share	7	<u>0.11</u>	<u>0.24</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Profit for the year	403,922	1,140,104
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	7,784	(36,310)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value related to the changes in credit risk of convertible bonds	114,589	14,851
Transfer of changes in fair value related to the changes in the credit risk of convertible bonds due to the termination of convertible bonds	—	(156,582)
Remeasurements of post-employment benefit obligations	651	524
Currency translation differences	(2,329)	28,104
Other comprehensive income for the year, net of tax	120,695	(149,413)
Total comprehensive income for the year	524,617	990,691
Total comprehensive income for the year attributable to:		
Owners of the Company	519,436	985,313
Non-controlling interests	5,181	5,378
	524,617	990,691

CONSOLIDATED BALANCE SHEET

		As at 31 August	
		2024	2023
	Note	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		7,084,757	5,862,436
Intangible assets		1,451,810	1,609,202
Right-of-use assets		1,833,494	1,847,953
Other non-current assets		11,625	120,518
Total non-current assets		10,381,686	9,440,109
Current assets			
Trade and other receivables	11	66,697	174,745
Restricted cash		681	552
Cash and cash equivalents		2,090,467	2,370,966
Total current assets		2,157,845	2,546,263
Total assets		12,539,531	11,986,372
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	15	30	30
Share premium	15	1,762,405	1,762,405
Reserves		1,445,104	1,229,970
Retained earnings		4,281,181	3,961,268
		7,488,720	6,953,673
Non-controlling interests		45,080	39,899
Total equity		7,533,800	6,993,572

		As at 31 August	
		2024	2023
	Note	<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	10	475,868	485,155
Deferred income		164,910	168,769
Lease liabilities		16,052	8,102
Borrowings	13	286,990	220,000
Financial liabilities at fair value through profit or loss	14	—	811,117
Total non-current liabilities		943,820	1,693,143
Current liabilities			
Accruals and other payables	12	1,193,805	1,323,739
Contract liabilities		1,013,408	729,591
Lease liabilities		7,360	9,427
Borrowings	13	1,098,010	1,236,900
Financial liabilities at fair value through profit or loss	14	749,328	—
Total current liabilities		4,061,911	3,299,657
Total liabilities		5,005,731	4,992,800
Total equity and liabilities		12,539,531	11,986,372

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 August	
		2024	2023
	Note	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities			
Cash generated from operations	16	1,728,044	420,763
Interest paid		(59,399)	(39,440)
Interest received		23,231	44,358
Income tax paid		(2,426)	(6,816)
		<hr/>	<hr/>
Net cash generated from operating activities		1,689,450	418,865
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,812,770)	(2,255,225)
Purchases of intangible assets		(59,438)	(97,029)
Payment of land use rights		(36,899)	—
Proceeds from disposal of land use rights		24,000	—
Proceeds from disposal of property, plant and equipment		3,127	17,659
Changes in restricted cash		(129)	11,024
Purchases of financial assets at fair value through profit or loss		—	(600,000)
Disposal of financial assets at fair value through profit or loss		—	603,148
Interest received		—	530
		<hr/>	<hr/>
Net cash used in investing activities		(1,882,109)	(2,319,893)

		Year ended 31 August	
		2024	2023
	Note	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities			
Proceeds from borrowings		1,168,000	1,026,900
Repayments of borrowings		(1,239,900)	(210,198)
Principal elements of lease payments or finance lease payments		(12,009)	(9,597)
Repurchase of the convertible bonds	14.2(b)(i)	—	(388,784)
Mandatory redemption of the convertible bonds	14.2(b)(iii)	—	(433,487)
		<hr/>	<hr/>
Net cash used in financing activities		(83,909)	(15,166)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(276,568)	(1,916,194)
Cash and cash equivalents at beginning of the year		2,370,966	4,240,783
Exchange (losses)/gains on cash and cash equivalents		(3,931)	46,377
		<hr/>	<hr/>
Cash and cash equivalents at end of the year		<u>2,090,467</u>	<u>2,370,966</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China YuHua Education Corporation Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of private formal education from high school to university education services in mainland China and the Kingdom of Thailand (“**Thailand**”) (the “**Business**”).

The Company was incorporated in the Cayman Islands on 25 April 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. The address of the Company’s registered office is at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands. The ultimate holding company of the Company is GuangYu Investment Holdings Limited (the “**GuangYu Investment**”). The ultimate controlling party of the Group is Mr. Li Guangyu, who is the Chairman of the Board of Directors of the Company (the “**Controlling Shareholder**”).

Due to the regulatory restrictions on foreign ownership of schools in mainland China, the Group conducts a substantial portion of its businesses through control of certain entities established in mainland China, together with their wholly owned schools, by way of contractual agreements. During the year, the Board of Directors re-assessed and concluded that the contractual agreements continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are legally enforceable. The Directors are of the view that the Group continues to control these entities. Accordingly, the Group continues to consolidate these entities in the consolidated financial statements.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 28 February 2017 (the “**Listing**”).

The financial statements are presented in Renminbi (“**RMB**”).

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

2.1 Going concern

As at 31 August 2024, the Group's current liabilities exceeded its current assets by RMB1,904,066,000. Included in the current liabilities as at 31 August 2024 were contract liabilities of RMB1,013,408,000 (being annual tuition and boarding fees received in advances), net payables to the Affected Business upon deconsolidation (Note 12) of RMB594,030,000, current borrowings of RMB1,098,010,000, and the carrying amount of convertible bonds issued in Hong Kong and classified under financial liabilities at fair value through profit or loss (the "**Convertible Bonds**") of RMB749,328,000, with a remaining outstanding aggregate principal amount of HK\$974,000,000 (equivalent to RMB888,483,000) and a maturity date of 27 December 2024. In addition, the Group also had a non-current borrowing of RMB286,990,000, the principal of which was repayable by instalments more than twelve months from the year end date in accordance with the borrowing agreement. As at 31 August 2024, although the Group had cash and cash equivalents of RMB2,090,467,000, cash and cash equivalents available outside of mainland China were not sufficient for the full repayment of the Convertible Bonds on 27 December 2024 (the "**Convertible Bonds matter**"). As such, management has taken a series of measures to resolve the Convertible Bonds matter.

On 20 September 2024, the Company repurchased and cancelled a portion of the Convertible Bonds with principal amounts of HK\$60,131,614 from certain bondholders at a total consideration of HK\$32,471,000 (equivalent to RMB29,438,000). After such repurchase, the outstanding principal amount of the Convertible Bonds was reduced to approximately HK\$913,868,386.

On 27 December 2024, the Company and the bondholders representing no less than 75% of the outstanding principal amount of the Convertible Bonds, entered into a standstill agreement (the "**Standstill Agreement**"), in connection with the agreement of certain waivers and amendments to the terms and conditions governing the Convertible Bonds. On the same day, the Company paid the outstanding interest of the Convertible Bonds of HK\$4.2 million (equivalent to RMB3.9 million).

On 10 February 2025, an extraordinary resolution (the "**Extraordinary Resolution**") among all bondholders was held, all bondholders attended, and the Extraordinary Resolution was passed by the requisite bondholders. Therefore, such waivers and amendments became effective and binding on all bondholders. The details of aforesaid waivers and amendments are set out as below:

- (a) Waivers were granted with respect to, among others, (i) immediate redemption of the Convertible Bonds as a result of suspension of trading of the shares of the Company for a consecutive period of over 20 consecutive trading days from 2 December 2024; and (ii) default interests as stipulated in the Convertible Bonds agreement dated 19 January 2023 thereon as a result of (i) and the Company did not redeem the Convertible Bonds on the maturity date of 27 December 2024.
- (b) On the fifth business day after the passing of the Extraordinary Resolution, redeem HK\$430,000,000 (equivalent to RMB398,180,000) on a pro rata basis in aggregate principal amount of the Convertible Bonds, at their principal amount.

- (c) The conversion price to the shares of the Company under terms of the Convertible Bonds was reset to HK\$0.733 per share from HK\$1.65 per share. The maturity date of the Convertible Bonds was extended from 27 December 2024 to the tenth business day after resumption of trading of the shares of the Company, and on that day the Company is required to mandatorily convert the remaining principal amounted of approximately HK\$483,868,386 on a pro rata basis into the fixed 660,120,581 shares of the Company at the aforesaid revised conversion price of HK\$0.733 per share.
- (d) The Company shall, (i) as soon as practicable and within ten business days after the Company's next annual general meeting and in any event no later than 31 May 2025, issue 182,000,000 warrants to the bondholders who voted in favor of the Extraordinary Resolution on a pro rata basis, the number of warrants to each bondholder being the portion of the Convertible Bonds held by such bondholder as a percentage of the aggregate outstanding principal amount of the Convertible Bonds that voted in favor of the Extraordinary Resolution, each warrant entitles the holder the right to buy one share of the Company at a fixed price of HK\$0.5 and it can be exercised at any time during the exercise period which is within three years after the date of issuance; or (ii) within two business days after 31 May 2025, pay HK\$70,500,000 in cash to the bondholders who voted in favour of the Extraordinary Resolution on a pro rata basis in lieu of the warrants, in the event that the Company has not issued the warrants by 31 May 2025 or if the ordinary resolution for the issuance of the warrants failed to pass in the Company's next annual general meeting (whichever earlier), provided that, in the event that the failure of the issuance of the warrants is not within the Li Family's control (as defined in the Extraordinary Resolution), the Company and the bondholders shall negotiate for a solution within a period of one month, and if such negotiation fails, the Company shall pay HK\$70,500,000 in cash to bondholders who voted in favour of the Extraordinary Resolution on a pro rata basis in lieu of the warrants no later than one month after 31 May 2025.

On 31 December 2024 and 2 January 2025, the Company deposited amounts totaling HK\$430,000,000 into an escrow bank account in Hong Kong in accordance with the Standstill Agreement for the purpose of redemption on the fifth business day after the passing of the Extraordinary Resolution as mentioned above in (b).

In accordance with the Extraordinary Resolution, the Company will:

- (i) complete the redemption and pay HK\$430,000,000 to the bondholders from the escrow bank account on the fifth business day after the passing of the Extraordinary Resolution;
- (ii) issue the required shares as mentioned above in (c) under the general mandate passed as an ordinary resolution in the Company's previous annual general meeting held on 29 January 2024, on the tenth business day after the resumption of trading of the shares of the Company; and

- (iii) issue the required warrants as mentioned above in (d) through passing of an ordinary resolution in the forthcoming annual general meeting of the Company, and this ordinary resolution requires a simple majority of more than 50% of votes cast in favor to be approved; or pay HK\$70,500,000 to the bondholders who voted in favour of the Extraordinary Resolution on a pro rata basis in lieu of the warrants as mentioned above in (d). In accordance with the Standstill Agreement, the relevant holders of the Convertible Bonds have undertaken to collectively hold at least 400,000,000 out of the 660,120,581 shares of the Company as mentioned in (c) above until the earlier of 31 May 2025 or the next annual general meeting of the Company. The Directors of the Company are in reasonable belief that the ordinary resolution to issue the required warrants will be passed.

Based on the above, management has made careful consideration to the future liquidity and performance of the Group. Management has prepared cashflow projections for twelve months from 31 August 2024 in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management and are of the opinion that the Group will have sufficient financial resources to support its operations and to meet its financial obligations and commitments as and when they fall due within twelve months from 31 August 2024. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

2.2 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 September 2023:

- *Definition of Accounting Estimates — amendments to IAS 8*
- *Disclosure of Accounting Policies — amendments to IAS 1 and IFRS Practice Statement 2*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction — amendments to IAS 12*
- *IFRS 17 Insurance Contracts*

The above standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published and are not mandatory for 31 August 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of private formal education from high school (Grade 10 to 12) to university and vocational college education services in mainland China and Thailand.

The executive directors are identified as the chief operating decision-maker (the “**CODM**”) of the Group. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from the service perspective. When the group companies have similar economic characteristics, and the segments are similar in each of the following respects: (i) the nature of the services; (ii) the type or class of students for their services; (iii) the methods used to provide their services; and (iv) if applicable, the nature of the regulatory environment, the Group’s operating segments are aggregated. During the year, in the view of CODM, the Group is principally engaged in two different segments which are subject to different business risks and different economic characteristics, namely High Schools and Universities and vocational college.

For the purposes of monitoring segment performances and allocating resources between segments, segment results represent the profit before tax earned by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities dedicated to a particular segment’s operations are included in that segment’s total assets and liabilities.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's total revenue for the years ended 31 August 2024 and 31 August 2023.

	High Schools <i>RMB'000</i>	Universities and vocational college <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 August 2024					
Revenue	151,694	2,333,599	30,191	(30,191)	2,485,293
Cost of revenue	(107,117)	(1,416,798)	—	20,919	(1,502,996)
Gross profit	44,577	916,801	30,191	(9,272)	982,297
Selling expenses	(1,556)	(25,830)	—	—	(27,386)
Administrative expenses	(9,593)	(259,454)	(23,506)	11,838	(280,715)
Net impairment losses on financial assets	—	(4,459)	—	—	(4,459)
Other income	420	14,163	22	—	14,605
Other losses — net	(20,134)	(195,592)	(38,521)	—	(254,247)
Operating profit	13,714	445,629	(31,814)	2,566	430,095
Finance income/(expenses) — net	2,988	(23,767)	(11,959)	(296)	(33,034)
Profit before income tax	16,702	421,862	(43,773)	2,270	397,061
Income taxation	425	8,862	(2,426)	—	6,861
Profit for the year	17,127	430,724	(46,199)	2,270	403,922
As at 31 August 2024					
Total assets	1,524,347	14,865,373	3,221,551	(7,071,740)	12,539,531
Total liabilities	471,095	5,738,498	6,291,965	(7,495,827)	5,005,731
Other segment information					
Additions to non-current assets	19,046	1,890,343	—	—	1,909,389
Depreciation and amortisation (<i>Note 5</i>)	(31,981)	(626,059)	(2,675)	—	(660,715)
Losses on disposal of property, plant and equipment and disposal of intangible assets (<i>Note 4</i>)	(1,051)	(10,055)	—	—	(11,106)
Borrowings (<i>Note 13</i>)	—	(1,165,000)	(220,000)	—	(1,385,000)

	High Schools <i>RMB'000</i>	Universities and vocational college <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 August 2023					
Revenue	173,073	2,207,203	51,137	(51,137)	2,380,276
Cost of revenue	(127,960)	(1,118,841)	—	14,257	(1,232,544)
Gross profit	45,113	1,088,362	51,137	(36,880)	1,147,732
Selling expenses	(2,724)	(22,148)	—	—	(24,872)
Administrative expenses	(9,467)	(200,050)	(24,907)	33,884	(200,540)
Net impairment losses on financial assets	—	(6,712)	—	—	(6,712)
Other income	652	20,672	354	—	21,678
Other (losses)/gains — net	(3,802)	(10,048)	204,270	—	190,420
Operating profit	29,772	870,076	230,854	(2,996)	1,127,706
Finance income/(expenses) — net	6,308	26,742	(25,988)	3,791	10,853
Profit before income tax	36,080	896,818	204,866	795	1,138,559
Income taxation	425	7,936	(6,816)	—	1,545
Profit for the year	36,505	904,754	198,050	795	1,140,104
As at 31 August 2023					
Total assets	1,529,801	13,360,117	3,201,770	(6,105,316)	11,986,372
Total liabilities	484,266	4,742,205	6,231,535	(6,465,206)	4,992,800
Other segment information					
Additions to non-current assets	15,950	2,618,027	—	—	2,633,977
Depreciation and amortisation (<i>Note 5</i>)	(37,175)	(304,445)	(2,747)	—	(344,367)
Losses on disposal of property, plant and equipment and disposal of intangible assets (<i>Note 4</i>)	(3,802)	(13,260)	47	—	(17,015)
Borrowings (<i>Note 13</i>)	—	(1,026,900)	(430,000)	—	(1,456,900)

Contract liabilities

The Group has recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation and will be expected to be recognised within one year:

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities related to tuition and boarding fees (a)	1,012,102	725,198
Revenue from property management and training programs	1,306	4,393
	<u>1,013,408</u>	<u>729,591</u>

- (a) The Group in general receives annual tuition and boarding fees from students in advance prior to the beginning of each academic year. The performance obligation is satisfied proportionately over the relevant period of the applicable program. The students are entitled to a refund of their advanced payment on a proportional basis up to the time when the students no longer require the Group's services.

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

	Year ended 31 August 2024 <i>RMB'000</i>
At beginning of the year	729,591
Revenue recognised that was included in the balance of contract liabilities at beginning of the year	(729,591)
Increases due to cash received, excluding amounts recognised as revenue during the year	<u>1,013,408</u>
At end of the year	<u>1,013,408</u>

(i) Revenue recognised in relation to contract liabilities

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

	Year ended 31 August 2024 RMB'000
Revenue recognised that was included in the balance of contract liabilities at beginning of the year	
Tuition and boarding fees	725,198
Others	4,393
	<hr/>
	729,591
	<hr/> <hr/>

(ii) Unsatisfied contracts

	Year ended 31 August 2024 RMB'000
Expected to be recognised within one year	
Tuition and boarding fees	1,012,102
Others	1,306
	<hr/>
	1,013,408
	<hr/> <hr/>

As at 31 August 2024, the contract liabilities were expected to be recognised within one year. As the contract terms with customers usually within 12 months, the Group applied the practical expedient as permitted under IFRS 15 not to disclose the transaction price allocated to unsatisfied performance obligations as at 31 August 2024.

Accounting policies of revenue recognition

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the business model, terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. If control of the goods and 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.

The Group's service income includes tuition fees and boarding fees from universities and high schools and property management service fee.

Tuition and boarding fees are generally received 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 terms of the applicable program. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and those which will be earned beyond one year is reflected as a non-current liability.

Property management service fee is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Revenue from research projects is recognised at a point at time when the control of the services have transferred, being when the services are accepted by the customers.

Revenue from training programs is recognised proportionately over the terms of the applicable programs.

Revenue from school hospital service and other service are recognised at a point at time when the control of the services have transferred, being when the services are accepted by the customers.

4 OTHER (LOSSES)/GAINS — NET

	Note	Year ended 31 August	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss recognised in respect of goodwill		(180,708)	—
Net (loss)/gain on financial liabilities at fair value through profit or loss		(55,568)	40,957
Provision for legal claims (a)		(17,401)	—
Losses on disposal of property, plant and equipment and intangible assets		(11,106)	(17,015)
Write-off of other non-current assets		(6,571)	—
Gains on disposal of land use right		17,049	—
Donation		58	64
Net gains on repurchase of Convertible Bonds	14.2	—	169,738
	(b)(i)	—	169,738
Losses on revising terms and waivers in relation to the Convertible Bonds		—	(6,781)
Gains on disposal of financial assets at fair value through profit or loss		—	3,148
Write-off of long-aged payables		—	309
		<u>(254,247)</u>	<u>190,420</u>

- (a) On 15 December 2023, the Intermediate People's Court of Changsha City in the Hunan Province handed down a final judgment that Hunan Lie Ying Industry Co., Ltd. ("Hunan Lie Ying"), a wholly owned subsidiary acquired by the Group in 2017, is liable to pay up the capital of Hunan Su Yue Sen Construction Engineering Co., Ltd. amounting to RMB17,401,000, where Hunan Lie Ying was a shareholder prior to 2013. The amount is recognized as an other loss in the income statement.

5 EXPENSES BY NATURE

	Year ended 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	708,599	649,933
— Wages, salaries, bonus and other welfare	692,988	626,692
— Share Award Scheme expenses	—	8,501
— Share-based compensation expenses	15,611	14,740
Depreciation expenses		
— Depreciation of property, plant and equipment	559,889	264,449
— Depreciation of right-of-use assets	64,866	60,564
Students training and scholarship expenses	130,534	157,761
Office expenses	76,805	76,704
Maintenance expenses	66,780	60,505
School consumables	46,331	64,367
Utilities expenses	43,656	33,966
Marketing expenses	21,842	18,682
Amortisation of intangible assets	35,960	19,354
Consultancy and professional fee	7,796	6,160
Travel and entertainment expenses	15,477	13,941
Auditors' remuneration	4,111	4,251
— Audit and audit related services	4,070	4,210
— Non-audit services	41	41
Expense relating to short-term leases	2,082	3,113
Other expenses	26,369	24,206
	1,811,097	1,457,956

6 INCOME TAXATION

6.1 Accounting policies of income taxation

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

(a) *Current income tax*

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

(b) Deferred income tax

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

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

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

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

6.2 Financial information of income taxation

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Current income tax		
— Withholding tax on royalty income from Stamford International University (i)	2,426	6,816
Deferred income tax		
— Decrease in deferred income tax assets (<i>Note 10</i>)	445	1,198
— Decrease in deferred income tax liabilities (<i>Note 10</i>)	(9,732)	(9,559)
Total deferred income tax benefit	(9,287)	(8,361)
Income taxation	(6,861)	(1,545)

- (i) The withholding tax amounting to RMB2,426,000 was determined and paid based on the royalty income charged by China HongKong Yuhua Education Limited to Stamford International University during the year (2023: RMB6,816,000).

The current tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of mainland China, the principal place of the Group's operations, as follows:

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	<u>397,061</u>	<u>1,138,559</u>
Tax calculated at domestic tax rate applicable to profits in the respective locations	111,728	245,831
Tax effects of profit from tuition and boarding not subject to tax	(122,526)	(255,179)
Tax losses for which no deferred income tax asset was recognised	<u>3,937</u>	<u>7,803</u>
	<u>(6,861)</u>	<u>(1,545)</u>
	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Tax losses		
Unused tax losses for which no deferred income tax asset was recognised	<u>15,748</u>	<u>31,212</u>
Potential tax benefit	<u>3,937</u>	<u>7,803</u>

(a) Cayman Islands

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

(b) British Virgin Islands

The Company's subsidiary incorporated under the BVI Companies Act, 2004 is exempted from British Virgin Islands income tax.

(c) Hong Kong

No provision for Hong Kong profit tax was provided as the Company and the Group did not derive any assessable profits in Hong Kong during the year (2023: Nil).

(d) Mainland China corporate income tax (“CIT”)

Corporate income tax (“CIT”) is provided on the estimated taxable profits of entities incorporated in mainland China. Pursuant to the Corporate Income Tax Law of the PRC (the “CIT Law”), which was effective from January 2008, the CIT rate applicable to the Group’s subsidiaries incorporated in mainland China was 25% (2023: 25%).

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy CIT exemption treatment if the sponsors of such schools do not require reasonable returns. The Group’s high schools and universities in the mainland China have been granted corporate income tax exemption for the tuition income from relevant local tax authorities. Zhengzhou Software Vocational and Technical College is subject to corporate income tax. During the year, this school did not derived any taxable profit.

The corporate income tax rate for Xizang Yuanpei Information Technology Management Company Limited (“Xizang Yuanpei”), a wholly-owned subsidiary of the Company, is 15% based on the relevant tax regulations of Tibet Autonomous Region.

(e) Thailand income tax

The statutory income tax rate applied on the taxable profits for Thailand companies is 20% (2023: 20%). According to the relevant Thailand regulations, entities which engages in provision of higher education services are not subject to Thailand income taxes.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	Year ended 31 August	
	2024	2023
Profit attributable to owners of the Company (RMB’000)	398,741	1,134,726
Weighted average number of ordinary shares in issue (Thousands)	3,606,788	3,600,388
Basic earnings per share (RMB Yuan)	0.11	0.32

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares during the year.

The Company had two categories of dilutive potential ordinary shares: Pre-IPO share options and Convertible Bonds. For Pre-IPO share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding Pre-IPO share options. The Convertible Bonds are assumed to have been converted into ordinary shares. Gains or loss in relation to interest savings, fair value change, disposal and early redemption on Convertible Bonds are adjusted to the extent of the amount charged to the profits or losses attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Pre-IPO shares options and conversion of Convertible Bonds.

For the year ended 31 August 2024, the impact of the Pre-IPO share options was excluded from the calculation of diluted earnings per share as it is anti-dilutive.

	For the year ended 31 August	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	398,741	1,134,726
Adjustments for:		
— impact of Convertible Bonds (RMB'000)	63,552	(192,585)
Adjusted profit attributable to owners of the Company (RMB'000)	462,293	942,141
Weighted average number of ordinary shares in issue (Thousands)	3,606,788	3,600,388
Adjustments for:		
— impact of Convertible Bonds (Thousands)	590,303	312,575
Adjusted weighted average number of ordinary shares for diluted earnings per share (Thousands)	4,197,091	3,912,963
Diluted earnings per share (RMB Yuan)	0.11	0.24

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Accounting policies of property, plant and equipment

Property, plant and equipment comprise mainly buildings, decoration improvements, motor vehicles, electronic equipment, furniture and fixtures are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include foreign currency purchases of property, plant and equipment.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

— Buildings	25–50 years
— Decoration improvements	5 years
— Motor vehicles	5–8 years
— Electronic equipment	4–8 years
— Furniture and fixtures	5–8 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains — net' in the consolidated statement of profit or loss.

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses (if any). Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to the respective categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

8.2 Financial information of property, plant and equipment

	Buildings <i>RMB'000</i>	Decoration improvements <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 August 2023							
Opening net book amount	3,364,742	98,000	4,415	127,066	86,082	25,979	3,706,284
Exchange differences	5,581	—	14	191	286	2	6,074
Additions	37,411	400	1,892	148,428	165,784	2,095,267	2,449,182
Transfer upon completion	203,988	939,259	—	—	32,689	(1,175,936)	—
Disposals	(7,440)	—	(1,013)	(12,201)	(14,001)	—	(34,655)
Depreciation charge (<i>Note 5</i>)	(125,124)	(68,556)	(1,439)	(37,605)	(31,725)	—	(264,449)
Closing net book amount	3,479,158	969,103	3,869	225,879	239,115	945,312	5,862,436
At 31 August 2023							
Cost	4,162,359	1,063,185	5,128	297,950	279,118	945,312	6,753,052
Accumulated depreciation	(683,201)	(94,082)	(1,259)	(72,071)	(40,003)	—	(890,616)
Net book amount	3,479,158	969,103	3,869	225,879	239,115	945,312	5,862,436
Year ended 31 August 2024							
Opening net book amount	3,479,158	969,103	3,869	225,879	239,115	945,312	5,862,436
Exchange differences	535	—	1	20	26	—	582
Additions	12,042	11,271	1,462	149,041	211,996	1,409,887	1,795,699
Transfer upon completion	1,886,130	264,716	—	—	—	(2,150,846)	—
Disposals	(9,341)	—	(1,213)	(1,267)	(2,250)	—	(14,071)
Depreciation charge (<i>Note 5</i>)	(174,337)	(254,559)	(1,559)	(66,512)	(62,922)	—	(559,889)
Closing net book amount	5,194,187	990,531	2,560	307,161	385,965	204,353	7,084,757
At 31 August 2024							
Cost	6,048,454	1,339,017	3,116	425,333	477,681	204,353	8,497,954
Accumulated depreciation	(854,267)	(348,486)	(556)	(118,172)	(91,716)	—	(1,413,197)
Net book amount	5,194,187	990,531	2,560	307,161	385,965	204,353	7,084,757

9 INTANGIBLE ASSETS

9.1.1 Accounting policies of intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use (“VIU”) and the fair value less costs of disposal (“FVLCD”). Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks arising from the acquisitions of LEI Lie Ying Limited and Jinan Shuangsheng Education Consulting Co., Ltd. have indefinite useful life. Trademark arising from the acquisition of Thai Education Holdings Co., Ltd. has 10 years of useful life.

Impairment reviews of trademarks with indefinite useful life are undertaken annually or more frequently and impairment reviews of trademarks subject to amortisation are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of trademarks is compared to the recoverable amount, which is the higher of VIU and FVLCD.

(c) *Software*

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives varying from 5 to 10 years. Costs associated with maintaining software programmes are recognised as an expense as incurred.

9.1.2 Accounting policies of impairment of non-financial assets

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

9.2 Financial information of intangible assets

	Trademark (i) <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Softwares <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 August 2023				
Opening net book amount	436,726	1,084,625	10,194	1,531,545
Exchange differences	—	—	1	1
Additions	—	—	97,029	97,029
Disposals	—	—	(19)	(19)
Amortisation (<i>Note 5</i>)	(4,288)	—	(15,066)	(19,354)
Closing net book amount	432,438	1,084,625	92,139	1,609,202
At 31 August 2023				
Cost	455,606	1,084,625	137,585	1,677,816
Accumulated depreciation and impairment	(23,168)	—	(45,446)	(68,614)
Net book amount	432,438	1,084,625	92,139	1,609,202
Year ended 31 August 2024				
Opening net book amount	432,438	1,084,625	92,139	1,609,202
Exchange differences	—	—	—	—
Additions	—	—	59,438	59,438
Disposals	—	—	(162)	(162)
Impairment loss recognised in the year (<i>Note 4</i>)	—	(180,708)	—	(180,708)
Amortisation (<i>Note 5</i>)	(4,288)	—	(31,672)	(35,960)
Closing net book amount	428,150	903,917	119,743	1,451,810

	Trademark (i) <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Softwares <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 August 2024				
Cost	455,606	1,084,625	196,861	1,737,092
Accumulated depreciation and impairment	<u>(27,456)</u>	<u>(180,708)</u>	<u>(77,118)</u>	<u>(285,282)</u>
Net book amount	<u><u>428,150</u></u>	<u><u>903,917</u></u>	<u><u>119,743</u></u>	<u><u>1,451,810</u></u>

- (i) As at 31 August 2024, the trademark consisted of trademark with indefinite useful lives of RMB409,400,000 and trademark with useful lives of 10 years of RMB18,750,000.
- (a) Amortisation of the Group's intangible assets were charged in the following categories in the consolidated statement of profit or loss as follows:

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	31,417	16,247
Administrative expenses	<u>4,543</u>	<u>3,107</u>
	<u><u>35,960</u></u>	<u><u>19,354</u></u>

(b) *Impairment tests of goodwill and trademark*

The goodwill and trademark arising from the acquisition of Hunan International Economics University, Jinan Shuangsheng, Yubohui Education and Stamford International University amounted to RMB1,084,625,000 and RMB409,400,000 respectively from 2017 to 2019. For the purpose of impairment testing, goodwill and trademark with indefinite useful lives have been allocated to four individual CGUs in both years.

The summary of goodwill and trademark are as follows:

	Hunan International Economics University RMB'000	Jinan Shuangsheng RMB'000	Yubohui Education RMB'000	Stamford International University RMB'000	Total RMB'000
Year ended 31 August 2024					
Goodwill	528,703	264,732	68,922	41,560	903,917
Trademark with indefinite useful lives (i)	<u>219,000</u>	<u>190,400</u>	<u>—</u>	<u>—</u>	<u>409,400</u>
Year ended 31 August 2023					
Goodwill	528,703	432,925	81,437	41,560	1,084,625
Trademark with indefinite useful lives (i)	<u>219,000</u>	<u>190,400</u>	<u>—</u>	<u>—</u>	<u>409,400</u>

Management reviews the business performance and monitors goodwill and trademark resulted from the acquisition. The Group performed its annual impairment test on goodwill and trademark by comparing the recoverable amounts of CGUs to the respective carrying amounts.

For the purpose of the impairment review, the recoverable amounts of the CGUs are determined by higher of a CGUs FVLCD and VIU by using the discounted cash flow method. The discounted cashflow method was adopted in the valuation performed, which was considered to be the most appropriate valuation approach in this valuation as it take the projection growth and specific issues of the CGUs into consideration. The Directors assessed the recoverable amount of the CGUs, which uses cash flow projection based on the financial budgets approved by the management covering five financial years, with reference to the valuation performed by Asia-Pacific Consulting and Appraisal Limited, an independent professional valuer.

During the preparation of the consolidated financial statements for the year ended 31 August 2024, the management of the Company noted certain impairment indicators for goodwill.

- (i) Even though there were stable growth on the revenue of the CGU of Jinan Shuangsheng and it is profitable, management carried out large-scale updates and renovations of school facilities on the CGU of Jinan Shuangsheng to improve the quality of school facilities and to provide students with better experience during the past two years, resulting an increase in the carrying amounts of the CGU of Jinan Shuangsheng, and eventually leading to an impairment on goodwill for the year ended 31 August 2024.
- (ii) Due to the policy of the local government, the enrollment area of Yubohui Education became narrowed in the city. Therefore, it is expected that the future enrollment of the CGU of Yubohui Education will face pressure. Therefore, the expected revenue and EBIT margin of the CGU of Yubohui Education have been reduced by management, and eventually leading to an impairment on goodwill for the year ended 31 August 2024.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Hunan International Economics University	Jinan Shuangsheng	Yubohui Education	Stamford International University
Year ended 31 August 2024				
Revenue growth rates (%)	0.4–7.1	3.6–9.5	(5.1)-5.1	2.4–7.5
EBIT margin (% of revenue) (%)	43	38	36	20
Long-term growth rate (%)	2	2	2	2
Discount rate (%)	15	15	16	16
Year ended 31 August 2023				
Revenue growth rates (%)	1.6–9.0	4.8–14.7	(1.3)-10.6	2.8–3.6
EBIT margin (% of revenue) (%)	43	44	39	22
Long-term growth rate (%)	2	2	2	2
Discount rate (%)	15	15	16	16

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rates	Revenue growth rates are for the five-year forecast period. They are based on past performance and management's expectations of market development.
EBIT margins	Based on past performance and management's expectations for the future.
Long-term growth rates	This is the weighted average growth rates used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	The discount rates used reflects specific risks relating to the CGU.

As a result of the impairment assessment, the Group recognised impairment for goodwill for the (i) Jinan Shuangsheng; and (ii) Yubohui Education amounting to RMB168,193,000 and RMB12,515,000 respectively (Note 4).

(c) *Impact of possible changes in key assumptions*

The Group has performed a sensitivity analysis for the recoverable amount of CGUs as at 31 August 2024. The below analysis shows how total provision for impairment of goodwill would be changed as a result of change in the significant assumptions, with all the variables taken in isolation.

(i) *Hunan International Economics University*

A fall in revenue growth rates by 10.7%, a fall in EBIT margin by 18.6%, a fall in long term growth rate by 17.2%, or a rise in pre-tax discount rate by 9.6%, all changes taken in isolation, would lead to the recoverable amount to fall below the carrying value.

(ii) *Jinan Shuangsheng*

A fall in revenue growth rates by 2.5%, a fall in EBIT margin by 4.0%, a fall in long term growth rate by 2.0%, or a rise in pre-tax discount rate by 1.4%, all changes taken in isolation, would lead to full impairment of goodwill.

(iii) *Yubohui Education*

A fall in revenue growth rates by 3.8%, a fall in EBIT margin by 5.7%, a fall in long term growth rate by 4.2%, or a rise in pre-tax discount rate by 2.7%, all changes taken in isolation, would lead to further 20% impairment to the remaining balance of goodwill.

(iv) *Stamford International University*

A fall in revenue growth rates by 1.9%, a fall in EBIT margin by 1.8%, a fall in long term growth rate by 1.9%, or a rise in pre-tax discount rate by 1.3%, all changes taken in isolation, would lead to the recoverable amount to fall below the carrying value.

10 DEFERRED INCOME TAX ASSETS AND LIABILITIES

10.1 Accounting policies of deferred income tax assets and liabilities

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

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

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

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

10.2 Financial information of deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) *Deferred income tax assets*

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
As at beginning of the year	16,867	18,065
Charged to profit or loss (Note 6)	(445)	(1,198)
As at end of the year	<u>16,422</u>	<u>16,867</u>

At 31 August 2024, deferred income tax asset arising from tax losses amounting to RMB16,422,000 (2023: RMB16,867,000).

(b) Deferred income tax liabilities

	Right-of- use assets- leasehold land <i>RMB'000</i>	Trademark <i>RMB'000</i>	Software <i>RMB'000</i>	Property, plant and equipment appreciation <i>RMB'000</i>	Other payables and accrued expenses <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 September 2023	(235,083)	(102,305)	(2)	(120,474)	(44,158)	(502,022)
Credited to profit or loss	7,613	—	—	2,119	—	9,732
Balance at 31 August 2024	<u>(227,470)</u>	<u>(102,305)</u>	<u>(2)</u>	<u>(118,355)</u>	<u>(44,158)</u>	<u>(492,290)</u>

- (i) The deferred income tax liabilities arise from fair value adjustment of right-of-use assets-leasehold land, recognition of trademark and fair value adjustment of buildings and other fixed assets upon the acquisition of subsidiaries.
- (ii) Under the CIT Law, withholding tax is imposed on dividends declared in respect of profits earned by mainland China subsidiaries from 1 January 2008 onwards. Deferred income taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed earnings of the Group's mainland China subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 August 2024, no deferred income tax has been recognised for withholding taxes payable on the unremitted earnings of the Group's subsidiaries established in mainland China that are subject to withholding taxes (2023: Nil). In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings for the foreseeable future.

Deferred tax assets and liabilities after offset are listed as below:

	Year ended 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax liabilities	<u>475,868</u>	<u>485,155</u>

Unused tax losses for which no deferred tax asset has been recognised are listed as below:

	Year ended 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Unused tax losses for which no deferred tax asset has been recognised	<u>186,656</u>	<u>170,908</u>

The unused tax losses were incurred by subsidiaries that is not likely to generate taxable income in the foreseeable future. Most of the tax losses shall expire in five years from year of occurrence under current tax legislation.

The expiry date of tax losses was as follow:

	Year ended 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
As at August 31, 2025	35,668	35,668
As at August 31, 2026	61,356	61,356
As at August 31, 2027	42,672	42,672
As at August 31, 2028	31,212	31,212
As at August 31, 2029	15,748	—
At the end of the year	<u>186,656</u>	<u>170,908</u>

11 TRADE AND OTHER RECEIVABLES

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
Due from students (a)	14,578	14,679
Provision for impairment (b)	(8,881)	(6,762)
	<u>5,697</u>	<u>7,917</u>
Other receivables		
Receivables from local government	49,202	48,339
Staff advances	2,614	4,863
Deposits	2,342	2,127
Receivable from a third party (c)	—	100,000
Others	5,050	5,788
Provision for impairment (b)	(737)	(1,097)
	<u>58,471</u>	<u>160,020</u>
Prepayments		
Prepaid expenses	<u>2,529</u>	<u>6,808</u>
	<u>66,697</u>	<u>174,745</u>

- (a) The Group's students are required to pay the annual tuition fees and boarding fees in advance for upcoming school year, which normally commence in September. The outstanding receivables represent amounts related to certain qualified students who have applied for late payment of tuition fees and boarding fees with no fixed credit item.

The aging analysis of the trade receivables based on the invoice date is set as followings:

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	7,790	10,620
Over 1 year	<u>6,788</u>	<u>4,059</u>
	<u>14,578</u>	<u>14,679</u>

(b) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group applies the IFRS 9 general approach to measuring expected credit losses for all other receivables. The Directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the years. The loss allowance increased from RMB6,762,000 to RMB8,881,000 for trade receivables and decreased from RMB1,097,000 to RMB737,000 for other receivables during the current reporting period. The impaired trade receivables relate to students that were in financial difficulties or default in payments, and the impaired other receivables relate to staff advances and deposits.

Movements in the provision for impairment of trade and other receivables that are assessed for impairment collectively are as follows:

	Year ended 31 August	
	2024 RMB'000	2023 RMB'000
At beginning of the year	7,859	5,084
Provision for impairment recognised during the year	4,873	8,302
Provision reversed	(414)	(1,590)
Receivables written off during the year as uncollectible	(2,700)	(3,937)
At end of the year	<u>9,618</u>	<u>7,859</u>

(c) The amount represented refundable prepayments relating to a contract with a supplier cancelled before the year end and was fully settled on October 2023.

(d) The carrying amounts of the Group's trade and other receivables were denominated in the following currencies:

	As at 31 August	
	2024 RMB'000	2023 RMB'000
RMB	60,580	168,598
THB	6,117	6,147
	<u>66,697</u>	<u>174,745</u>

(e) As at 31 August 2024 and 2023, the fair values of trade and other receivables, except the prepayments which are not financial assets of the Group, approximated their carrying amounts.

12 ACCRUALS AND OTHER PAYABLES

	As at 31 August	
	2024	2023
	RMB'000	RMB'000
Net payables to the Affected Business upon deconsolidation	594,030	594,030
Payables for purchases of property, plant and equipment	247,913	372,974
Miscellaneous expenses received from students	113,453	83,010
Salary and welfare payables	53,767	70,247
Payables for teaching materials and other operating expenditure	20,979	62,723
Government subsidies payable to students and teachers	42,467	34,864
Taxes payable	26,688	27,671
Deposits received	20,422	21,245
Amount due to related parties	12,435	11,719
Interest payables	7,888	8,195
Defined pension benefits	9,674	9,189
Audit and consulting fees	3,212	3,542
Legal claim payables	18,290	2,189
Others	22,587	22,141
	<u>1,193,805</u>	<u>1,323,739</u>

13 BORROWINGS

	As at 31 August	
	2024	2023
	RMB'000	RMB'000
Non-current		
Guaranteed		
Bank loans	<u>—</u>	<u>220,000</u>
Unguaranteed		
Bank loans	<u>286,990</u>	<u>—</u>
	<u>286,990</u>	<u>220,000</u>
Current		
Guaranteed		
Bank loans	<u>220,000</u>	<u>210,000</u>
Unguaranteed		
Bank loans	<u>878,010</u>	<u>1,026,900</u>
	<u>1,098,010</u>	<u>1,236,900</u>
Total borrowings	<u><u>1,385,000</u></u>	<u><u>1,456,900</u></u>

(a) Bank borrowings

- (i) The weighted average effective interest rates at the balance sheet dates are set out as follows:

	As at 31 August	
	2024	2023
Bank borrowings	<u>3.62%</u>	<u>3.75%</u>

- (ii) Bank loans of the Group which were guaranteed are set out below:

	As at 31 August	
	2024	2023
	RMB'000	RMB'000
Guaranteed by a related party	<u>220,000</u>	<u>430,000</u>

- (iii) The maturity date of the borrowing was analysed as follows:

	As at 31 August	
	2024	2023
	RMB'000	RMB'000
Within 1 year	1,098,010	1,236,900
Between 1 and 2 years	17,010	220,000
Between 2 and 5 years	<u>269,980</u>	<u>—</u>
	<u>1,385,000</u>	<u>1,456,900</u>

- (iv) The fair values of the Group's borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

- (v) The Group's borrowings were denominated in RMB.

- (vi) **Financial arrangements**

As at 31 August 2024, the Group had undrawn borrowing facilities amounting to RMB12,000,000 (2023:Nil).

14 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

14.1 Accounting policies of Convertible Bonds

Convertible bonds issued by the Company can be converted into the share capital of the Company at the option of the investor.

The Group designates convertible bonds as financial liabilities at fair value through profit or loss based on relevant requirements under IFRS. They are initially recognizes at fair value. In the subsequent measurement, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of convertible bond shall be presented in profit or loss.

When assessing whether the terms of convertible bonds were substantially modified, the Group choose to perform not only quantitative analysis but also qualitative assessment. Under the quantitative analysis, if the convertible bonds' present value of the new cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liabilities, using the original effective interest rate, the terms were substantially modified under IFRS. The Group's qualitative assessment depends on specific facts and circumstances, in order to identify whether the modifications of terms will significantly affect the economic risks of the convertible bonds. The Group's qualitative assessment considers factors include, but are not limited to, the following:

- A change in the currency in which the liability is denominated;
- A change in the interest basis (such as a change from fixed rate to floating rate, or vice versa);
- A change in any conversion features; and
- A substantial change in covenants.

14.2 Financial information of Convertible Bonds

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Convertible Bonds	<u>—</u>	<u>811,117</u>
Current		
Convertible Bonds	<u>749,328</u>	<u>—</u>

(a) Issuance of the Convertible Bonds

On 27 December 2019, the Company issued Convertible Bonds with an aggregate principal amount of HK\$2,088,000,000 (approximately RMB1,876,402,000). The issuance cost of approximately RMB18,756,000 was charged as finance expenses. The Convertible Bonds were recognised and measured as financial liabilities at fair value through profit or loss pursuant to the terms of the trust deed (the “**Trust Deed**”) constituting the Convertible Bonds.

The Convertible Bonds bear interest on their outstanding principal amount from and including the issue date at the rate of 0.90 per cent per annum, payable semi-annually in arrears on 27 June and 27 December in each year, commencing on 27 June 2020. Pursuant to the Trust Deed, the Convertible Bonds can be converted into fully paid ordinary shares of the Company with a par value of HK\$0.00001 each, at the option of the holders of the Convertible Bonds (the “**Bondholders**”). Each convertible bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after the date which is 41 days after the Issue Date up to the close of business on the date falling seven days prior to the Maturity Date (the “**Conversion Period**”) into fully paid ordinary shares with a par value of HK\$0.00001 each of the Company at an initial conversion price of HK\$7.1303 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions of the Trust Deed. As at 31 August 2022, the conversion price of the Convertible Bonds was HK\$6.68 per share and no conversion related to the Convertible Bonds was exercised by the Bondholders.

On giving notice in accordance with the respective terms and conditions of the Trust Deed, at any time after 1 March 2023 and prior to the Maturity Date, the Convertible Bonds may be redeemed at the option of the Company.

The Convertible Bonds may be redeemed at the option of the Company or the Bondholders pursuant to the respective terms and conditions under the Trust Deed. The convertible bonds may be redeemed at the option of the Company in whole but not in part for taxation reasons as described in the Trust Deed. According to the terms of the Trust Deed, the Bondholders had rights to require the Company to redeem all or part of the Convertible Bonds at the nominal value together with the accrued interest on 27 December 2022 (the “**Early Redemption Date**”). As at 31 August 2022, the Convertible Bonds was reclassified as current liability due to the relevant redemption option of the Bondholders.

(b) Repurchase of and amendments to the Convertible Bonds

- (i) On 25 October 2022, the Company repurchased and cancelled a portion of the Convertible Bonds with principal amounts of HK\$614,000,000 from certain Bondholders at a total consideration of HK\$428,100,000 (equivalent to RMB388,784,000), resulted in an other gain of approximately HK\$186,000,000 (equivalent to RMB169,738,000). After such repurchase, the outstanding principal amount of the Convertible Bonds was reduced to HK\$1,474,000,000. On 25 November 2022, all of the remaining Bondholders confirmed to exercise of their early redemption rights under the Convertible Bonds. Although the Group had cash and cash equivalents of HK\$4,344,000,000 on the Early Redemption Date, the cash and cash equivalents available outside of mainland China were not sufficient to redeem all of the Convertible Bonds. The Group was also not able to arrange financing facilities outside mainland China before the Early Redemption Date. As a result, the outstanding principal of HK\$1,474,000,000 and the accrued interest of HK\$6,633,000 were not paid by the Company on the Early Redemption Date (the “**Events of Default**”). The following actions have been taken to mitigate the above conditions:
- (ii) On 12 January 2023, the Company issued a notice to request the remaining Bondholders to approve an extraordinary resolution in accordance with the Trust Deed which sets out certain revised terms and waivers in relation to the Convertible Bonds. The Extraordinary Resolution was approved by the requisite Bondholders on 18 January 2023 with the revised terms and waivers signed under a supplemental trust deed (“**Supplemental Trust Deed**”) effective and became irrevocable on 19 January 2023, details of which are set out below.
- (1) A mandatory redemption by the Company totaling HK\$500,000,000 to all the remaining Bondholders on a pro-rata basis on 30 January 2023. The remaining outstanding aggregate principal amount of HK\$974,000,000 will be fully repayable on 27 December 2024, with interest payable remains at 0.9% per annum payable semi-annually on 27 June and 27 December in each year, provided conversion under (3) below is not triggered.
 - (2) The conversion price to the shares of the Company under terms of the Convertible Bonds was amended to HK\$1.65 per share from the conversion price of HK\$6.68 per share immediately before the amendment.
 - (3) A right of mandatory conversion of the Convertible Bonds when the volume-weighted average price of the Company’s shares for at least 20 trading days (whether or not consecutive) out of any 30 consecutive trading days is at least 130% of the Amended Conversion Price, at any time after 1 March 2023 and prior to the maturity date of 27 December 2024.

- (4) Waivers were granted with respect to the consequences of the Events of Default as stipulated in the Trust Deed, including immediate repayment of the principal and interest amounts and payment of default interests.
- (iii) On 30 January 2023, the Company mandatorily redeemed Convertible Bonds with principal amounts of HK\$500,000,000 at a total consideration of HK\$501,200,000 (equivalent to RMB433,487,000) with the Group's funding held outside mainland China as mentioned above.
- (iv) As mentioned above, certain terms and conditions of the remaining Convertible Bonds were amended pursuant to a Supplemental Trust Deed signed between the Company and the remaining Bondholders on 19 January 2023, such amendments constitute substantial modifications based on the relevant requirements under IFRS. Accordingly, the original financial liabilities related to the Convertible Bonds before the amendments are distinguished whereas the new financial liabilities under the revised terms and conditions are recognised at fair value, with the difference recognised in the profit or loss, resulted in an other loss of approximately RMB6,781,000. The accumulated changes in the fair value of the original Convertible Bonds attributable to changes in own credit risks included in other comprehensive income is transferred to the retained earnings. As the Convertible Bonds with a remaining outstanding aggregate principal amount of HK\$974,000,000 will be fully repayable on 27 December 2024, it was reclassified as non-current liability as at 31 August 2023 and it was classified as current liability as at 31 August 2024, respectively. Further details of the subsequent event in relation to the Convertible Bonds are set out in Note 18.

15 SHARE CAPITAL AND SHARE PREMIUM

Authorised:	Number of ordinary shares		Nominal value of ordinary shares HK\$		
As at 31 August 2023 and 2024 par value of HK\$0.00001 each	<u>50,000,000,000</u>		<u>500,000</u>		
Issued and paid:	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
As at 1 September 2022	3,594,493,833	35,945	30	1,741,528	1,741,558
Share issued upon exercise of share-based compensation	4,751,750	48	—	12,376	12,376
Share Award Scheme	<u>7,542,300</u>	<u>75</u>	<u>—</u>	<u>8,501</u>	<u>8,501</u>
As at 31 August 2023	<u>3,606,787,883</u>	<u>36,068</u>	<u>30</u>	<u>1,762,405</u>	<u>1,762,435</u>
As at 1 September 2023 and 31 August 2024	<u>3,606,787,883</u>	<u>36,068</u>	<u>30</u>	<u>1,762,405</u>	<u>1,762,435</u>

16 CASH FLOW INFORMATION

Cash generated from operations

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	397,061	1,138,559
Adjustments for:		
— Depreciation of right-of-use assets	64,866	60,564
— Depreciation of property, plant and equipment (Note 8.2)	559,889	264,449
— Amortisation of intangible assets (Note 9.2)	35,960	19,354
— Provision for impairment of trade and other receivables	4,459	6,712
— Net loss/(gain) on financial liabilities at fair value through profit or loss (Note 4)	55,568	(40,957)
— Impairment loss recognised in respect of goodwill (Note 4)	180,708	—
— Finance expenses/(income) — net	33,189	(10,923)
— Provision for legal claims (Note 4)	17,401	—
— Share-based compensation expenses (Note 5)	15,611	14,740
— Losses on disposal of property, plant and equipment and intangible assets (Note 4)	11,106	17,015
— Gains on disposal of land-use-right (Note 4)	(17,049)	—
— Write-off long-aged payables (Note 4)	—	(309)
— Net gains on repurchase of the Convertible Bonds (Note 4)	—	(169,738)
— Losses arising from revising the terms of the Convertible Bonds (Note 4)	—	6,781
— Gains on disposal of financial assets at fair value through profit or loss (Note 4)	—	(3,148)
— Share award scheme expenses (Note 5)	—	8,501
Changes in working capital:		
— Trade and other receivables	103,054	(106,978)
— Contract liabilities	283,817	(741,810)
— Accruals and other payables	(20,308)	(38,190)
— Other non-current assets	6,571	—
— Deferred income	(3,859)	(3,859)
Cash generated from operations	<u>1,728,044</u>	<u>420,763</u>

17 DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended 31 August 2024 (2023: Nil).

18 SUBSEQUENT EVENT

18.1 Subsequent events in relation to the Convertible Bonds

On 20 September 2024, the Company repurchased and cancelled a portion of the Convertible Bonds with principal amounts of HK\$60,131,614 from certain bondholders at a total consideration of HK\$32,471,000 (equivalent to RMB29,438,000), resulted in other gain of HK\$18,673,000 (equivalent to RMB16,928,000).

On 27 December 2024, the Company and the bondholders representing no less than 75% of the outstanding principal amount of the Convertible Bonds, entered into the Standstill Agreement, in connection with the agreement of certain waivers and amendments to the Convertible Bonds. On 10 February 2025, the Extraordinary Resolution was passed, waivers and amendment to the Convertible Bonds became effective and bound all bondholders. Details of which are set out in Note 2.1.

On 10 February 2025, the date when the Extraordinary Resolution was passed, in accordance with relevant requirements of IFRS, the Convertible Bonds recognised as financial liabilities at fair value through profit or loss which should be derecognised. The difference between the fair value of the Convertible Bonds and the consideration paid should be recognised in the profit or loss. The accumulated amount of changes in the fair value of the Convertible Bonds attributable to the changes in the credit risk presented in other comprehensive income should be transferred to retained earnings. Shares to be issued should be recognised initially as equity instruments at fair value. The warrants to be issued should be recognised initially as financial liabilities at fair value through profit or loss at fair value.

Based on the Company's latest share price of HK\$0.37 before its suspension of trading on 29 November 2024, recent price trends of comparable companies and other relevant assumptions on 10 February 2025, the date when the Extraordinary Resolution was passed, management estimated that: (i) fair value of the shares to be issued was amounted of approximately HK\$250,408,000 (equivalent to RMB230,510,000); (ii) fair value of the warrants to be issued was amounted of approximately HK\$20,745,000 (equivalent to RMB19,097,000); (iii) other loss amounted of approximately HK\$19,635,000 (equivalent to RMB18,075,000) was recognised; and (iv) accumulated amount of changes in the fair value of the Convertible Bonds attributable to the changes in the credit risk presented in other comprehensive income amounted of approximately HK\$383,574,000 (equivalent to RMB353,095,000) was transferred to retained earnings.

18.2 Proposed disposal of subsidiaries in the Thailand

On 27 December 2024, one of the Company's wholly owned subsidiaries, China YuHua Education Investment Limited, a company incorporated in the British Virgin Islands with limited liability (the “**Seller**”), and Mr. Xin Yu, a third party individual (the “**Purchaser**”), entered into an acquisition agreement, pursuant to which, the Seller decided to sell and the Purchaser agreed to purchase: (i) 100% of the issued and outstanding ordinary shares of Thai Education Holdings Co., Ltd. (“**TEDCO**”), which owned approximately 92.8750% of the issued and outstanding share capital of Fareast Stamford International Co., Ltd. (“**FES**”); and (ii) 7.1249% of the issued and outstanding share capital of FES with a total consideration of HK\$240,000,000.

In December 2024, the Group received HK\$50,000,000 as a deposit in accordance with the agreement. Pursuant to the acquisition agreement, the Purchaser will complete the total payment of HK\$194,000,000, including the HK\$50,000,000 deposit received, and then the Group will transfer the control of TEDCO and its subsidiaries to the Purchaser. Currently, necessary procedures before the transfer of control are in progress. Subject to the completion of the disposal, management estimated that other gain of approximately RMB120,000,000 would be recognised from such disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With over 20 years of operating private schools in the People's Republic of China (the "PRC"), the Group is one of the leading private school operators in China in terms of student enrolment.

The Group's fundamental educational objectives are to foster modern talent with leadership and lifelong learning capabilities and nurture great minds to contribute to the future development of the Chinese nation ("培養具有領導才能和自主學習能力的現代化人才，為中華民族的偉大復興貢獻力量"). As an educational service provider, the Group believes it is entrusted to nurture the future of society, and aims to provide educational services in a manner consistent with the values and attitudes of the Group. The curriculums for the Group's schools not only accommodate the students' eagerness to achieve academic excellence, but also emphasise on well-rounded development of the students.

The Group intends to continue to expand its school network and ensure delivery of high-quality education to its students by making continuous improvements to the educational infrastructure available. As such, there has been no material changes in respect of the business of the Group since 31 August 2024.

The Group's Schools and Student Enrolment

As at 31 August 2024, the Group had 9 schools in China and 1 school in Thailand.

The following table sets out a summary of the Group's schools by category as at the end of August 2024 and 2023:

	As at 31 August 2024	As at 31 August 2023
The Group's schools in the PRC		
Universities and vocational college	4	4
High schools	5	5
The Group's schools overseas		
University	1 ^(note 1)	1 ^(note 1)
Total	10	10

Notes:

1. This represents Stamford International University that the Group operates in Thailand.

Events after the Reporting Period

(a) Repurchased and cancelled part of the Bonds

On 20 September 2024, the Company announced that as of the even date, since completion of the redemption of HK\$500,000,000 in aggregate principal amount of the HK\$2,088,000,000 0.90% convertible bonds due 2024 (the “**Bonds**”) as set out in the Company’s announcement dated 20 January 2023, the Company has repurchased HK\$60,131,614 in aggregate principal amount of the Bonds (the “**Repurchased Bonds**”) in accordance with the terms and conditions of the Bonds, at a total cash consideration of approximately HK\$32,471,072 which represents a purchase price of approximately 54% of the par value of the Bonds. The Repurchased Bonds represent approximately 2.88% of the Bonds originally issued. Following settlement of the Repurchased Bonds, the principal amount of the Bonds remained outstanding was approximately HK\$913,868,386. For details of the repurchase, please refer to the announcement of the Company dated 20 September 2024.

(b) Disposal of a subsidiary

On 27 December 2024, China YuHua Education Investment Limited (being a wholly-owned subsidiary of the Company) (the “**Seller**”) entered into a disposal agreement with Mr. Xin Yu (the “**Purchaser**”), pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to acquire 100% equity interest in Thai Education Holdings Co., Ltd. for a total consideration of HK\$240.0 million (the “**Disposal**”). For further details of the Disposal, please refer to the announcement of the Company dated 27 December 2024.

(c) Subsequent events in relation to the Bonds

Under the terms and conditions of the Bonds (the “**Bond Conditions**”), the Bonds have a maturity date of 27 December 2024 whereby on such date the Company is required to redeem all the Bonds at their principal amount together with accrued and unpaid interest thereon.

The Company and an ad-hoc group of bondholders who collectively hold or are economically entitled to at least 75 per cent. of the outstanding principal amount of the Bonds have reached an agreement and entered into a standstill agreement on 27 December 2024 which sets out the parties’ in-principle agreement to implement and otherwise give effect to the transactions set out in the term sheet (the “**Proposed Transactions**”). On the same date, as the original maturity date of the Bonds lied on 27 December 2024, the listing of the Bonds have been withdrawn from Stock Exchange.

On 17 January 2025, the Company issued and disseminated to the holders of the Bonds (the “**Bondholders**”) a notice (the “**Notice**”) to convene a meeting (the “**Meeting**”) on 10 February 2025 to request the Bondholders to consider and, if thought fit, approve and pass the Extraordinary Resolution (as defined in the Notice) (which requires a majority of at least 75 per cent. of the votes cast at the Meeting), which will provide for certain waivers and amendments in relation to the Bonds, as more fully described in the Notice.

On 10 February 2025, the Company issued the results of the Meeting and announced that it has received the requisite majority of more than 75% of the votes cast at the Meeting to approve and implement the Extraordinary Resolution and to give effect to the Proposed Waivers and the Proposed Amendments (as defined in the Notice). Pursuant to the amended terms and conditions of the Bonds, the Company has undertaken, amongst others, that:

- (i) it shall (1) on 17 February 2025 (the “**Mandatory Redemption Date**”), redeem (on a pro rata basis amongst all Bondholders in proportion to the aggregate principal amount of Bonds held by each Bondholder) HK\$430,000,000 in aggregate principal amount of the Bonds, at their principal amount and (2), on 1 April 2025, pay (on a pro rata basis) to holders of the Bonds as of 17 February 2025 the amount of interest calculated by the escrow agent (such amount of interest to be notified by the Company to the Trustee, the Principal Agent and the Bondholders on 25 March 2025) that will accrue on such HK\$430,000,000 outstanding principal amount of the Bonds pursuant to an escrow agreement entered into amongst the Company, the escrow agent and certain of the Bondholders on 27 December 2024 (for the period from and including 2 January 2024 to but excluding 17 February 2025) (“**Escrow Interest**”) (and the outstanding principal amount of the Bonds remaining following such redemption, being the “**Remaining Principal Amount of the Bonds**”); and
- (ii) the Remaining Principal Amount of the Bonds shall be mandatorily converted (the “**Conversion**”) into shares of the Company (the “**Shares**”) (at the prevailing conversion price of HK\$0.733 per Share (the “**Conversion Price**”) on the 10th business day after the resumption of trading of the Company’s Shares credited as fully paid.

In addition, in light of the results of the Meeting, the Company shall pay each Bondholder who votes in favor of the Extraordinary Resolution a consent fee in the form of, and equal to such Bondholder’s Pro Rata Share (as defined in the Notice) of, Warrants (in the form as substantially set forth in the Indicative Summary Terms of the Warrants) (the “**Warrants**”), as soon as practicable within 10 business days after the approval of the Warrants at the Company’s annual general meeting and in any event no later than 31 May 2025 (the “**Warrants Long Stop Date**”) or, cash in the event that the Company has not issued the relevant Warrants by the Warrants Long Stop Date or

if the shareholders of the Company by way of a general meeting have failed to pass the proposal for the issuance of the Warrants (whichever earlier). Please refer to the Notice for further details of the Warrants.

As at the date of the announcement, the Company is still in the process of finalising the underlying transaction documents and the details regarding the issuance of the Warrants. The Company will comply with the relevant requirements pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and publish further announcement(s) and/or circular(s) in relation to, among other things, details of the Warrants and notice of the general meeting, as and when appropriate.

Further, the Company has issued another announcement on 10 February 2025 in relation to the amended terms and conditions of the Bonds (the “**Amended Terms and Conditions Announcement**”). Amongst other things, it was announced that as the Extraordinary Resolution was approved at the Meeting, upon receipt of the conversion notice(s) from the Bondholders in respect of the exercise of the conversion rights attached to the Remaining Principal Amount of the Bonds at the Conversion Price of HK\$0.733 per Share, Shares (the “**Conversion Shares**”) will be allotted and issued to the Bondholders on the 10th business day after the resumption of trading of the Company’s Shares.

Reference is made to the Amended Terms and Conditions Announcement. The Company would like to clarify that the number of Conversion Shares should be 660,120,581 shares in total instead of 660,000,000, representing approximately 18.30% of the total number of issued Shares immediately before the Conversion and approximately 15.47% of the total number of issued Shares enlarged by the issue of the Conversion Shares immediately after the Conversion. Save as disclosed above, all other information and contents set out in the Amended Terms and Conditions Announcement remain unchanged. Accordingly, the shareholding structure tables should be revised as follows:

Shareholder	As at the date of the Amended Terms and Conditions Announcement		Immediately after the Conversion	
	before the Conversion			
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company
GuangYu Investment	1,917,500,000	53.16%	1,917,500,000	44.94%
Bondholders	0	0%	660,120,581	15.47%
Other Shareholders	1,689,287,883	46.84%	1,689,287,883	39.59%
	<u>3,606,787,883</u>	<u>100.00%</u>	<u>4,266,908,464</u>	<u>100.00%</u>

On 18 February 2025, the Company announced that, pursuant to the amended terms and conditions of the Bonds, it has completed the partial redemption (on a pro rata basis amongst all Bondholders in proportion to the aggregate principal amount of Bonds held by each Bondholder) of HK\$430,000,000 in aggregate principal amount of the Bonds, at their principal amount.

For more details of the Bonds, please refer to the Company's announcements published on 27 December 2024, 17 January 2025, 10 February 2025 and 18 February 2025, respectively.

Save as disclosed above, there has been no other significant events that might affect the Group after 31 August 2024 and up to the date of this announcement.

Future Development

The Group's future development focuses on making continuous improvements to the educational infrastructure, opening new campuses, and substantially increasing investment in vocational education. The Group will continue to seek expansion in higher education sector with high growth potential and will focus on post-expansion consolidation to maximize shareholder value.

Financial Review

1. Overview

For the year ended 31 August 2024, the Group recorded revenue of RMB2,485.3 million, an Adjusted Gross Profit of RMB1,026.9 million and a gross profit of RMB982.3 million. The Adjusted Gross Profit Margin¹ of the Group was 41.3% for the year ended 31 August 2024 as compared with 50.0% for the corresponding period in 2023. The gross profit margin was 39.5% for the year ended 31 August 2024 as compared with 48.2% for the corresponding period in 2023.

The Adjusted Net Profit attributable to owners of the Company for the year ended 31 August 2024 was RMB500.8 million, representing a decrease of RMB468.7 million or a 48.3% decrease from the corresponding period in 2023. The Adjusted Net Profit Margin² attributable to owners of the Company was 20.2% and 40.7% for the years ended 31 August 2024 and 31 August 2023, respectively.

The net profit attributable to owners of the Company amounted to RMB398.7 million and RMB1,134.7 million for the years ended 31 August 2024 and 31 August 2023, respectively. The net profit margin attributable to owners of the Company amounted to 16.1% and 47.7% for the years ended 31 August 2024 and 31 August 2023, respectively.

2. Revenue

For the year ended 31 August 2024, revenue of the Group amounted to RMB2,485.3 million, representing an increase of RMB105.0 million or 4.4% as compared with RMB2,380.3 million for the corresponding period of 2023. The increase was primarily due to the increase in student enrolment from several schools.

¹ The Adjusted Gross Profit Margin is calculated based on the Adjusted Gross Profit. Please refer to the “Non-IFRS Measures” section of this announcement for details.

² The Adjusted Net Profit Margin attributable to owners of the Company is calculated based on the Adjusted Net Profit attributable to owners of the Company. Please refer to the “Non-IFRS Measures” section of this announcement for details.

3. Cost of Revenue

For the year ended 31 August 2024, the cost of revenue of the Group amounted to RMB1,503.0 million and RMB1,232.5 million for the years ended 31 August 2024 and 31 August 2023, respectively. The Adjusted Cost of Revenue³ of the Group amounted to RMB1,458.4 million, representing an increase of RMB269.4 million or 22.7% as compared with RMB1,189.0 million for the corresponding period of 2023.

4. Gross Profit and Gross Profit Margin

For the year ended 31 August 2024, the Group's gross profit amounted to RMB982.3 million and RMB1,147.7 million for the years ended 31 August 2024 and 31 August 2023, respectively. The Group's gross profit margin amounted to 39.5% and 48.2% for the years ended 31 August 2024 and 31 August 2023, respectively. The decline in the gross profit margin was mainly due to the Group's expanded investment in teaching personnel, campus expansion and renovation, curriculum development, student activities, etc. to further improve the quality of education we provide and enhance students' learning experience.

The Adjusted Gross Profit of the Group amounted to RMB1,026.9 million, representing a decrease of RMB164.4 million or 13.8% as compared with RMB1,191.3 million for the corresponding period in 2023. The Adjusted Gross Profit Margin of the Group for the year ended 31 August 2024 was 41.3%, compared with 50.0% for the corresponding period in 2023.

5. Selling Expenses

For the year ended 31 August 2024, selling expenses of the Group amounted to RMB27.4 million, representing an increase of RMB2.5 million or 10.1% from RMB24.9 million during the corresponding period in 2023. The increase was primarily due to expanded marketing effort aimed at supporting revenue growth.

³ The Adjusted Cost of Revenue is calculated as cost of revenue for the period, excluding the impact from the non-cash expenses of share-based compensations and additional depreciation and amortization due to the provisional fair value adjustments to the acquired identifiable assets of (i) LEI Lie Ying Limited; (ii) Yubohui Education and its subsidiaries; (iii) TEDCO and its subsidiaries; and (iv) Jinan Shuangsheng Education Consulting Co., Ltd. and its subsidiaries (including Shandong Yingcai University).

6. Administrative Expenses

For the year ended 31 August 2024, the administrative expenses of the Group amounted to RMB280.7 million and RMB200.5 million for the years ended 31 August 2024 and 31 August 2023, respectively. The increase is primarily due to the rise in depreciation of expenses on property, plant and equipment. The Adjusted Administrative Expenses⁴ of the Group amounted to RMB270.6 million, representing an increase of RMB79.3 million as compared with RMB191.3 million for the corresponding period in 2023.

7. Other Income

For the year ended 31 August 2024, the other income of the Group amounted to RMB14.6 million, representing a decrease of RMB7.1 million as compared with RMB21.7 million for the corresponding period in 2023. This decrease was primarily due to a decrease in government grants and subsidies obtained.

8. Other Gains and Losses

For the year ended 31 August 2024, the other gains and losses of the Group amounted to a net loss of RMB254.2 million as compared with a net gain of RMB190.4 million for the corresponding period in 2023. The net loss was primarily from the impairment loss recognised in respect of goodwill and loss on financial liabilities at fair value through profit or loss.

9. Operating Profit

The Adjusted Operating Profit of the Group amounted to RMB532.1 million for the year ended 31 August 2024, representing a decrease of RMB430.6 million or 44.7% as compared with RMB962.7 million for the corresponding period in 2023. The Adjusted Operating Profit Margin⁵ amounted to 21.4% and 40.4% for the year ended 31 August 2024 and 31 August 2023, respectively.

⁴ Adjusted Administrative Expenses are calculated as administrative expense for the period, excluding the impact from share-based compensation.

⁵ Adjusted Operating Profit Margin is calculated based on the Adjusted Operating Profit. Adjusted Operating Profit is calculated as operating profit for the period, excluding the impact from (i) share-based compensation; (ii) additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets; (iii) gains and losses related to convertible bonds; and (iv) government grants.

10. Finance Income

Finance income decreased from RMB48.1 million for the year ended 31 August 2023 to RMB24.9 million for the corresponding period in 2024 due to a decline in interest income earned on cash and cash equivalents.

11. Finance Expenses

Finance expenses increased from RMB37.3 million for the year ended 31 August 2023 to RMB57.9 million for the corresponding period in 2024 due to an increase in interest expenses.

12. Profit for the Reporting Period

As a result of the above factors, the Group recorded a net profit attributable to owners of the Company of RMB398.7 million for the year ended 31 August 2024, representing a decrease of RMB736.0 million or 64.9% as compared with RMB1,134.7 million for the corresponding period in 2023. The net profit margin attributable to owners of the Company for the year ended 31 August 2024 was 16.1%, compared to 47.7% for the corresponding period in 2023.

The Adjusted Net Profit attributable to owners of the Company was RMB500.8 million for the year ended 31 August 2024, representing a decrease of RMB468.6 million or 48.3% as compared with RMB969.4 million for the corresponding period in 2023. In addition, the Adjusted Net Profit Margin attributable to owners of the Company amounted to 20.2% and 40.7% for the years ended 31 August 2024 and 31 August 2023, respectively.

The decrease in the Adjusted Net Profit was mainly due to (i) the decline in gross profit as a result of the Group's expanded investment in teaching and facility to improve the quality of education we provide and enhance students' learning experience; and (ii) the impairment loss recognised in respect of goodwill in the Reporting Period.

13. *Liquidity and Source of Funding and Borrowing*

The Group's cash and cash equivalents decreased from RMB2,371.0 million as at 31 August 2023 to RMB2,090.5 million as at 31 August 2024. The decrease was primarily due to the investment in fixed assets.

As at 31 August 2024, the current assets of the Group amounted to RMB2,157.8 million, including RMB2,091.1 million in cash and restricted cash and RMB66.7 million in trade and other receivables. The current liabilities of the Group amounted to RMB4,061.9 million, of which RMB1,193.8 million was accruals and other payables, RMB1,098.0 million was borrowings, RMB1,013.4 million was contract liabilities, RMB749.3 million was financial liabilities at fair value through profit or loss, and RMB7.4 million was lease liabilities. As at 31 August 2024, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 0.53 (31 August 2023: 0.77).

14. *Gearing Ratio*

As at 31 August 2024, the gearing ratio of the Group, which was calculated as total interest-bearing bank loans divided by total equity, was approximately 18.4% (31 August 2023: 20.8%).

15. *Significant Investments*

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 August 2024) during the year ended 31 August 2024.

16. *Material Acquisitions and Disposals*

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 August 2024.

17. *Pledge of Assets*

As at 31 August 2024, the bank borrowings of the Group amounting to RMB220.0 million were secured by a related party.

18. *Contingent Liabilities*

The Group had no contingent liabilities as at 31 August 2024.

19. *Foreign Exchange Exposure*

During the year ended 31 August 2024, the Group mainly operated in China and the majority of the transactions were settled in Renminbi (“**RMB**”), the Company’s primary consolidated affiliated entities’ functional currency. The Group’s acquisition of a university in Thailand exposes the Group to foreign exchange risk. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure if necessary. As at 31 August 2024, except for the bank deposits and convertible bonds denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

20. *Employee and Remuneration Policy*

As at 31 August 2024 and 2023, we had 7,984 and 8,386 employees, respectively. The number of employees employed by the Group varies from time to time depending on need. Employees’ remuneration is determined in accordance with prevailing industry practice and employees’ educational backgrounds, experiences and performance. The remuneration policy and package of the Group’s employees are periodically reviewed. As required by the PRC laws and regulations, the Company participates in various employee social security plans for its employees that are administered by local governments, including among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance.

The Group believes in the importance of attracting, recruiting and retaining of quality employees (in particular teachers) in achieving the Group’s success. The Group provides training for teachers to equip them with teaching skills and techniques and stay abreast of the changes in student demands and teaching methodologies, changing testing and admission standards and other trends. During each school year, the Group monitors the teaching quality of its teachers and evaluates the performance of its teachers from time to time. During the year ended 31 August 2024, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

Compensation of key executives of the Group is determined by the Company’s remuneration committee which reviews and recommends to the Board the executives’ compensation based on the Group’s performance and the executives’ respective contributions to the Group.

The Company also has a Pre-IPO Share Option Scheme and a Share Award Scheme. Please refer to the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme and Share Award Scheme” in Appendix V to the prospectus of the Company dated 16 February 2017 (the “**Prospectus**”) for further details.

The total remuneration cost incurred by the Group for the year ended 31 August 2024 was RMB708.6 million (for the year ended 31 August 2023: RMB649.9 million).

21. Future Plans for Material Investments and Capital Assets

As of 31 August 2024, the Group did not have other plans for material investments and capital assets.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 August 2024.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time for convening the annual general meeting (the “**AGM**”) as soon as practicable. A notice and circular convening the AGM will be published and dispatched to the shareholders of the Company, where applicable, in a manner required by the Listing Rules. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 25 April 2016 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 February 2017.

The Board is committed to achieving high corporate governance standards. The principle of the Company’s corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders.

1. **Compliance with the Code on Corporate Governance Practices**

For the year ended 31 August 2024, the Company has complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. Further information of the corporate governance practice of the Company will be disclosed in the annual report of the Company for the year ended 31 August 2024.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

2. **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 August 2024. No incident of non-compliance of the Model Code was noted by the Company during the Reporting Period.

3. **Scope of Work of the Company’s Auditors**

The figures contained in this announcement of the Group’s consolidated results for the year ended 31 August 2024 have been agreed by the Company’s auditor (the “**Auditors**”), to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 August 2024. The Auditors performed this work in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” and with reference to Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The work performed by the Auditors in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditors on this announcement.

4. Audit Committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Mr. Chen Lei, Mr. Zhang Zhixue and Ms. Fan Nannan. Mr. Chen Lei is the chairman of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2024 and has met with the independent auditor, PricewaterhouseCoopers. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee and a remuneration committee.

6. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any listed securities of the Company (including any sale of treasury shares (as defined under the Listing Rules)) during the year ended 31 August 2024. The Company did not hold any treasury shares (as defined under the Listing Rules) as at 31 August 2024.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as of 31 August 2024.

8. Building Certificates and Permits

As at 31 August 2024, in relation to owned buildings or groups of buildings other than those associated with the HIEU Schools (the “**Non-HIEU Schools Owned Buildings**”), the Group had not obtained proper building ownership certificates or other requisite certificates or permits for 11 of the 32 Non-HIEU Schools Owned Buildings, due in part to changes to the urban planning in the cities which the Group operates, administrative oversight by the Group's management and their unfamiliarity

with the relevant regulatory requirements. The Group is in the process of applying to relevant government authorities for the relevant outstanding certificates and permits and are closely following up with the government authorities with respect to the applications. Please also refer to the section headed “Business — Properties — Owned Properties — Buildings or Groups of Buildings” in the Prospectus for further details. There have been no updates in this regard since the publication of the Prospectus.

As at 31 August 2024, the Company was in the process of applying for, but had not yet obtained, the proper certificates in relation to 48 buildings currently occupied by the HIEU Schools. The Company understands that the lack of certificates in relation to these buildings will not prejudice the ability of the Company to operate the HIEU Schools and that the buildings are fit and safe for education purposes. For further details, please refer to the Company’s circular dated 29 June 2018.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.yuhuachina.com. The annual report of the Group for the year ended 31 August 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched (if applicable) to the Company’s shareholders in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 December 2024. As the annual results for the year ended 31 August 2024 have been published, an application has been made by the Company to the Stock Exchange for the resumption of trading in such shares and securities with effect from 9:00 a.m. on 28 February 2025.

By order of the Board
China YuHua Education Corporation Limited
Li Guangyu
Chairman and Executive Director

Hong Kong, 27 February 2025

As at the date of this announcement, the Board comprises Mr. Li Guangyu, Ms. Li Hua and Ms. Qiu Hongjun as executive Directors; and Mr. Chen Lei, Mr. Zhang Zhixue and Ms. Fan Nannan as independent non-executive Directors.