希望教育集團有限公司

Hope Education Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1765

2021 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. He Shengli
Mr. Lu Zhichao
Mr. Tang Jianyuan

Independent Non-executive Directors

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

Audit Committee

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

Nomination and Remuneration Committee

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

Strategy and Development Committee

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

AUTHORIZED REPRESENTATIVES

Mr. Li Tao
Ms. Leung Wing Han Sharon

JOINT COMPANY SECRETARIES

Mr. Huang Zhongcai
Ms. Leung Wing Han Sharon

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISOR AS TO HONG KONG LAW

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

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPLIANCE ADVISOR

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of China
China Minsheng Bank
Agricultural Bank of China

COMPANY'S WEBSITE

www. hopeedu.com

STOCK CODE

1765

OUR SCHOOLS

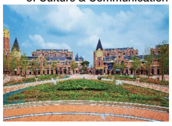
OVERVIEW AND DISTRIBUTION OF OUR SCHOOLS

We operate 22 schools domestically and overseas, including 9 colleges & universities, 11 junior colleges, 2 technical colleges

Sichuan Tianyi College

- Higher education institution that provides junior college education
- M&A in 2011

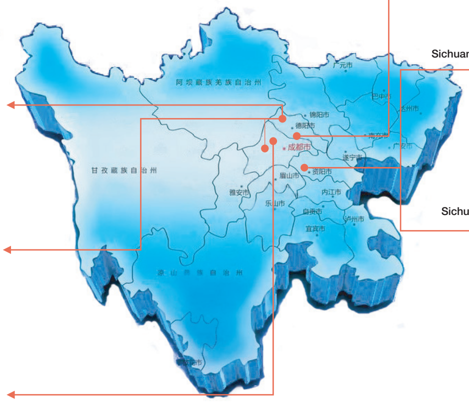
Sichuan Vocational College of Culture & Communication



- Higher education institution that provides junior college education
- M&A in 2014

Sichuan TOP IT Vocational Institute

- Higher education institution that provides junior college education
- M&A in 2017



Southwest Jiaotong University Hope College

- Undergraduate college that provides undergraduate and junior college education
- Founded in 2009

Sichuan Hope Automotive Vocational College

- Higher education institution that provides junior college education
- Founded in 2013

Sichuan Hope Automotive Technical College

- Technical college that provides higher technical education
- Founded in 2016

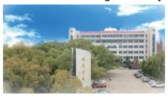
Guizhou Qiannan College of Science and Technology

- Undergraduate college that provides undergraduate education
- M&A in 2019

Guizhou Qiannan Economic College

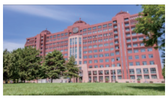
- Undergraduate college that provides undergraduate education
- M&A in 2014

Gongqing College of Nanchang University



- Undergraduate college that provides undergraduate education
- M&A in 2021

Pioneer College of Inner Mongolia University



- Undergraduate college that provides undergraduate education
- M&A in 2021

Yinchuan University of Energy

- Undergraduate college that provides undergraduate and junior college education
- M&A in 2019

Jinci College of Shanxi Medical University

- Undergraduate college that provides undergraduate education
- M&A in 2014

OUR SCHOOLS

Baiyin Hope Vocational and Technical College

- Higher education institution that provides junior college education
- Founded in 2021

Guizhou Vocational Institute of Technology

- Higher education institution that provides junior college education
- Founded in 2016

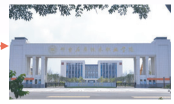
Guizhou Technical College of Technology

- Technical college that provides higher technical education
- Founded in 2019

Nanchang Vocational Institute of Film and Television Communication

- Higher education institution that provides junior college education
- M&A in 2020

Xingtai Vocational College of Applied Technology



- Higher education institution that provides junior college education
- Founded in 2021

Hebi Automotive Engineering Vocational College

- Higher education institution that provides junior college education
- M&A in 2019

Suzhou Top Institute of Information Technology

- Higher education institution that provides junior college education
- M&A in 2019

Jinken Vocational Institute of Technology

- Higher education institution that provides junior college education
- M&A in 2021

INTI International University, Malaysia

- Higher education institution that offers undergraduate, masters and doctoral degrees
- M&A in 2020

Shinawatra University, Thailand

- Higher education institution that offers undergraduate, masters and doctoral degrees
- M&A in 2022

Schools under construction

Chongqing Digital Industry Vocational College

Jiangxi Zhangshu Vocational College of Traditional Chinese Medicine

Opening in September 2022

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the annual report of the Company for the year ended 31 August 2021.

BOLSTERING QUALITY TO ACHIEVE STABLE DEVELOPMENT

Over the past year, the Company prioritized talent cultivation and operation qualities, focused on pooling investments and improving management to enhance the quality of schools we operate, and attained projected performance targets, laying a solid foundation for the sustainable development of our schools and the Company.

New achievements were made in terms of profession construction and teaching quality. In the 2021 financial year, 7 schools launched 6 national-controlled majors (including pre-school education) and 15 provincial-controlled majors (including nursing); 7 majors in 3 schools were classified as provincial-level first-class undergraduate professional nurturing point. 34 courses among 5 schools were classified as national-level courses, while 9 others were listed as provincial-level courses and exemplary courses. 16 schools received a total of 516 awards or honorary titles, among which 28 were first prizes in national competitions, and 304 were first prizes in provincial competitions. Students from Sichuan Top IT Vocational Institute won one championship in the 11th National Games for Persons with Disabilities.

Conversion of independent colleges has been advancing in a steady manner. Taking the conversion as an opportunity, investments were increased to improve school conditions. Conversion of College of Science and Technology of Guizhou University and Business College of Guizhou University of Finance and Economics were completed in April 2021, resulting in further enhancement in their development capabilities.

Overseas expansion achieved new breakthroughs. Following the acquisition of INTI International University in Malaysia in September 2020, the Group successfully acquired Shinawatra University in Thailand in November 2021, providing a stable platform and path for domestic students from schools in the PRC to study abroad.

The Group has constantly provided our society with a large number of talents. Since its listing in 2018, the Company has injected 125,800 talents on different levels with various applicable skills to society through the schools it operates, contributing "Hope Power" to society's economic development.

AUTHORING A FORWARD-LOOKING CHAPTER WITH CONFIDENCE

Relying on the national strategies of "reinvigorating the country through science and education, developing a quality workforce and innovation-driven development", the Company has the basis for realizing sustainable development, and is confident in writing a new chapter.

The Company's sustainable development is safeguarded by policies. Subsequent to the issuance of "20 Principles of Vocational Education" by the State Council in 2019, the State convened the National Vocation Education Conference in April 2021, and issued the Guidelines on Promoting the High-quality Development of Modern Vocational Education (《關於推動現代職業教育高質量發展的意見》) in October, in order to roll out new plans and new layout for the development of vocational education. Such initiatives confirm that vocational education enjoys equal importance to general education, encourage full social participation in development of vocational education and motivate listed companies to sponsor vocational education, which fully demonstrate the State's steadfast determination and will to vigorously develop vocational education and further reinforcing our confidence in its sustainability.

The Company's sustainable development is supported by our network. The Company currently operates 20 undergraduate and junior colleges in ten provinces and municipalities, of which 7 are undergraduate colleges, 11 are higher vocational colleges, and 2 are technical colleges, with its student enrollment reaching 232,000. The widespread operating network of the Company and its ability to award qualifications on different levels effectively support student enrollment at higher vocational education in different provinces and municipalities, ensuring the sustainability of schools under the Company.

Quality of the Company's sustainable development is guaranteed. We first and foremost persist in operation by experts, which involves fortifying the education management committee to ensure that teaching quality in all schools undergoes enhancement; we also adhere to the strategy of "one school with one characteristic", actively establish featured majors and support the construction of specialized schools so as to improve the schools' competitiveness; lastly, we insist on the student-oriented principle to reform course structure and teaching content, so as to comprehensively improve students' employability and entrepreneurial capabilities.

We strive to optimize the operations of both of our universities in the ASEAN region. On 22 November 2021, President Xi Jinping expressly proposed during the Special Summit to Commemorate the 30th Anniversary of China-ASEAN Dialogue Relations, that "China will enhance cooperation with ASEAN in vocational education and mutual recognition of diplomas". The Company will actively echo and act in response to the initiative of strengthening international academic exchanges and cooperation between the State and ASEAN countries, and make every effort to operate INTI International University in Malaysia and Shinawatra University in Thailand, as well as proactively explore the cooperation with ASEAN countries in vocational education, in order to act as a pioneer for the nation's cooperation with ASEAN in vocational education and mutual recognition of education qualification by gathering relevant experience.

CHAIRMAN'S STATEMENT

We firmly believe that, with the support of national policies and by adhering to the Company's right development strategies, the Company can definitely nurture more and better high-level talents with advanced techniques, thereby enhancing the Company's core competitiveness in private higher education, propelling its sustainable and high-quality development, and generating larger value for society and the Shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to all local governments, all sectors of society and our Shareholders for their continued care and support for the development of Hope Education Group Co., Ltd. I would also like to thank all students and their parents. Also, I would like to express my sincere appreciation to the Board members, senior management as well as the management and teaching staff within our schools for their contribution and dedication.

Hope Education Group Co., Ltd.
Xu Changjun
Chairman
Hong Kong, 29 November 2021

FINANCIAL AND BUSINESS SUMMARY

	For the year ended 31 August 2021 (in millions of RMB)	For the eight months ended 31 August 2020 (in millions of RMB)	**Change** (in millions of RMB)	**Change** (percentage)
Revenue	**2,324.27**	872.08	1,452.19	166.5%
Gross profit	**1,175.97**	377.61	798.36	211.4%
Adjusted gross profit	**1,237.12**	406.53	830.59	204.3%
Adjusted gross profit margin	**53.2%**	46.6%		6.6%
Net profit	**605.12**	119.35	485.77	407.0%
Adjusted net profit	**866.36**	201.26	665.10	330.5%
Adjusted net profit margin	**37.3%**	23.1%		14.2%

	2020/2021 school year	2019/2020 school year	**Change**	**Change** (percentage)
New students enrolled	**72,830**	48,789	24,041	49.3%
Total student enrollment	**196,747**	140,125	56,622	40.4%
Undergraduate colleges	**98,788**	71,259	27,529	38.6%
Junior colleges	**80,225**	60,631	19,594	32.3%
Technical colleges	**17,734**	8,235	9,499	115.4%

Descriptions:

1. Following the change of the financial year end date last year, as the Reporting Period of the financial report presented by the Group in the first financial year covered the eight-month period from 1 January 2020 to 31 August 2020, the corresponding comparative figures for the current financial year only cover the eight-month period.

2. Total student enrollment does not include a total of 24,257 students from Gongqing College, Pioneer College and Jinken College that were acquired successively in the second half of the financial year.

NON-IFRS MEASUREMENT

To supplement the Group's combined financial statements which are presented in accordance with IFRS, the Company also uses adjusted gross profit, adjusted net profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate 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.

CALCULATION OF ADJUSTED GROSS PROFIT

Items	**For the year ended 31 August 2021 (in millions of RMB)**	For the eight months ended 31 August 2020 (in millions of RMB)
Gross profit	**1,175.97**	377.61
Add:		
Additional depreciation and amortisation from fair value adjustment of identifiable assets resulted from acquisition	**61.15**	28.92
Adjusted gross profit	**1,237.12**	406.53

Descriptions: The adjusted gross profit is calculated as gross profit for the period after eliminating additional depreciation and amortisation from temporary fair value adjustment of identifiable assets resulted from the merger and acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy, Hebi Automotive Engineering Vocational College, Guizhou Qiannan College of Science and Technology (2021.6-2021.8), Pioneer College of Inner Mongolia University, Nanchang Vocational Institute of Film and Television Communication, INTI Group and Jinken Vocational Institute of Technology.

CALCULATION OF ADJUSTED NET PROFIT

Items	For the year ended 31 August 2021 (in millions of RMB)	For the eight months ended 31 August 2020 (in millions of RMB)
Profit from continuing operations for the period	605.12	119.35
Add:		
Equity-settled share option expense		0.86
Additional depreciation and amortisation from fair value adjustment of identifiable assets resulted from acquisition	74.21	34.58
Finance cost accrued at amortised cost because of deferred payment for purchase of equity interest	31.42	13.14
Finance cost accrued at amortised cost because of deferred payment of conversion fees	8.22	
One-time recognition of conversion fees because of the conversion of the Economic College	412.30	
One-time derecognition of brand usage fees because of the conversion of the Economic College	77.18	
One-time recognition of conversion fees because of the conversion of the College of Science and Technology	265.46	
Less:		
Fair value gain on a previously held equity interest at the date of business combination	212.20	
Gains on fair value changes of convertible bonds	375.95	
Exchange gains	19.40	(33.33)
Adjusted net profit	866.36	201.26

Descriptions: Adjusted net profit is measured by excluding (i) equity-settled share option expense; (ii) exchange gains; (iii) additional depreciation and amortization from temporary fair value adjustment of identifiable assets resulted from the acquisition of Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Yinchuan University of Energy, Hebi Automotive Engineering Vocational College, Guizhou Qiannan College of Science and Technology, Pioneer College of Inner Mongolia University, Nanchang Vocational Institute of Film and Television Communication, INTI Group, Jinken Vocational Institute of Technology, Gongqing College of Nanchang University and Dingli Corp., Ltd; (iv) finance cost accrued at amortized cost because of a payment due over one year for the acquisition of equity interest under the relevant agreement; (v) one-time recognition of fees for conversion of an independent college into a private undergraduate university, the installment of finance cost accrued at amortized cost, and one-time recognition of conversion fees of the College of Science and Technology, which was a joint venture before conversion, recorded in "Share of losses of joint ventures" of the financial statement; (vi) fair value gain on remeasurement of a previously held equity interest in College of Science and Technology at the date of business combination; and (vii) gains on fair value changes of convertible bonds of the Company. The Company considers that excluding the above could eliminate potential impacts of items that the management do not consider to be indicative of the Group's operating performance, which in turns facilitates comparisons of operating performance from period to period and company to company.

FINANCIAL REVIEW

Descriptions:

Following the change of the financial year end date from 31 December to 31 August last year, the reporting period of the financial report presented by the Group in the first financial year covered the eight-month period from 1 January 2020 to 31 August 2020. After the change of financial year end date, the whole year of the new financial year will be from 1 September to 31 August next year. The data for the eight-month period from 1 January 2020 to 31 August 2020 and for the twelve-month period from 1 September 2020 to 31 August 2021 are not comparable, and without predictability from an analysis of obvious trends. In order to present the operating positions of the Group for the new financial year clearly, the Group voluntarily presents the unaudited financial information for the twelve months commencing from 1 September 2019 to 31 August 2020 for the period-on-period comparison.

	For the year ended 31 August 2021 (in millions of RMB)	For the year ended 31 August 2020 (in millions of RMB) (Unaudited)	**Change** (in millions of RMB)	**Change** (percentage)
Revenue	**2,324.27**	1,568.12	756.15	48.2%
Gross profit	**1,175.97**	777.38	398.59	51.3%
Adjusted gross profit	**1,237.12**	822.36	414.76	50.4%
Adjusted gross profit margin	**53.2%**	52.4%		0.8%
Net profit	**605.12**	456.45	148.67	32.6%
Adjusted net profit	**866.36**	575.78	290.58	50.5%
Adjusted net profit margin	**37.3%**	36.7%		0.6%

Calculation of Adjusted Gross Profit

Items	**For the year ended 31 August 2021 (in millions of RMB)**	For the year ended 31 August 2020 (in millions of RMB) (Unaudited)	**Change** (in millions of RMB)	**Change** (percentage)
Gross profit	**1,175.97**	777.38	398.59	51.3%
Add:				
Additional depreciation and amortisation from fair value adjustment of identifiable assets resulted from acquisition	**61.15**	44.98		
Adjusted gross profit	**1,237.12**	822.36	414.76	50.4%

Calculation of Adjusted Net Profit

Items	For the year ended 31 August 2021 (in millions of RMB)	For the year ended 31 August 2020 (in millions of RMB) (Unaudited)	Change (in millions of RMB)	Change (percentage)
Profit from continuing operations for the period	**605.12**	456.45	148.67	32.6%
Add:				
Equity-settled share option expense		8.19		
Additional depreciation and amortisation from fair value adjustment of identifiable assets resulted from acquisition	**74.21**	53.86		
Finance cost accrued at amortised cost because of deferred payment for purchase of equity interest	**31.42**	19.74		
Finance cost accrued at amortised cost because of deferred payment of conversion fees	**8.22**			
One-time recognition of conversion fees because of the conversion of the Economic College	**412.30**			
One-time derecognition of brand usage fees because of the conversion of the Economic College	**77.18**			
One-time recognition of conversion fees because of the conversion of the College of Science and Technology	**265.46**			
Less:				
Fair value gain on a previously held equity interest at the date of business combination	**212.20**			
Gains on fair value changes of convertible bonds	**375.95**			
Exchange gains	**19.40**	(37.54)		
Adjusted net profit	**866.36**	575.78	290.58	50.5%

Overview

Items	For the year ended 31 August 2021 (in millions of RMB) (Audited)	For the year ended 31 August 2020 (in millions of RMB) (Unaudited)	Change (in millions of RMB)	Change (percentage)	For the eight months ended 31 August 2020 (in millions of RMB) (Audited)
Revenue	**2,324.27**	1,568.12	756.15	48.2%	872.08
Cost of sales	**1,148.30**	790.74	357.56	45.2%	494.47
Gross profit	**1,175.97**	777.38	398.59	51.3%	377.61
Other income and gains	**666.53**	240.37	426.16	177.3%	129.75
Gain on a bargain purchase	**–**	27.26	(27.26)	(100.0%)	–
Selling expenses	**147.21**	61.33	85.88	140.0%	41.28
Administrative expenses	**332.75**	195.45	137.30	70.2%	113.60
Conversion fees	**412.30**	–	412.30	100.0%	–
Fair value changes of Mconvertible bonds	**375.95**	–	375.95	100.0%	–
Other expenses	**102.07**	51.90	50.17	96.7%	42.65
Finance costs	**298.42**	208.62	89.80	43.0%	143.94
Share of losses of joint ventures	**(242.07)**	9.76	(251.83)	(2,580.0%)	(0.14)
Share of profit/(loss) of an associate	**(11.16)**	–	(11.16)	(100.0%)	–
Profit before tax	**672.47**	537.47	135.00	25.1%	165.75
Income tax expense	**67.35**	81.02	(13.67)	(16.9%)	46.40
Profit for the year	**605.12**	456.45	148.67	32.6%	119.35

For the eight months ended 31 August 2020, the Group recorded revenue of RMB872.08 million, adjusted gross profit of RMB406.53 million, gross profit of RMB377.61 million, adjusted net profit of RMB201.26 million, net profit of RMB119.35 million, adjusted gross profit margin of 46.6%, gross profit margin of 43.3%, adjusted net profit margin of 23.1%, and net profit margin of 13.7%.

For the year ended 31 August 2020, the Group recorded revenue of RMB1,568.12 million, adjusted gross profit of RMB822.36 million, gross profit of RMB777.38 million, adjusted net profit of RMB575.78 million, net profit of RMB456.45 million, adjusted gross profit margin of 52.4%, gross profit margin of 49.6%, adjusted net profit margin of 36.7%, and net profit margin of 29.1%.

For the year ended 31 August 2021, the Group recorded revenue of RMB2,324.27 million, adjusted gross profit of RMB1,237.12 million, gross profit of RMB1,175.97 million, adjusted net profit of RMB866.36 million, net profit of RMB605.12 million, adjusted gross profit margin of 53.2%, gross profit margin of 50.6%, adjusted net profit margin of 37.3%, and net profit margin of 26%.

Revenue

For the eight months ended 31 August 2020, revenue of the Group amounted to RMB872.08 million;

For the year ended 31 August 2020, revenue of the Group amounted to RMB1,568.12 million;

For the year ended 31 August 2021, revenue of the Group amounted to RMB2,324.27 million.

Revenue grew by RMB756.15 million compared with the same period last year, representing an increase of 48.2%. The increase was mainly attributable to (i) the significant increases in enrollment of various schools of the Group and the increases in charging standards of certain schools; and (ii) the successive consolidation of newly acquired schools (INTI University, Nanchang Institute of Film and Television Communication, Pioneer College, Jinken College and Guizhou Qiannan College of Science and Technology) into the Group's financial statements.

Cost of Sales

For the eight months ended 31 August 2020, cost of sales and adjusted cost of sales of the Group amounted to RMB494.47 million and RMB465.55 million, respectively;

For the year ended 31 August 2020, cost of sales and adjusted cost of sales of the Group amounted to RMB790.74 million and RMB745.76 million, respectively;

For the year ended 31 August 2021, cost of sales and adjusted cost of sales of the Group amounted to RMB1,148.30 million and RMB1,087.15 million, respectively.

Cost of sales rose by RMB357.56 million compared with the same period last year, representing an increase of 45.2%; adjusted cost of sales rose by RMB341.39 million compared with the same period last year, representing an increase of 45.8%. The increases were mainly attributable to (i) the enhancement of teacher quality and teaching facilities of schools of the Group; and (ii) the increase in costs following the consolidation of financial statements of various schools upon completion of acquisition during the year.

Gross Profit and Gross Profit Margin

For the eight months ended 31 August 2020, adjusted gross profit and gross profit of the Group amounted to RMB406.53 million and RMB377.61 million, with adjusted gross profit margin and gross profit margin of 46.6% and 43.3%, respectively;

For the year ended 31 August 2020, adjusted gross profit and gross profit of the Group amounted to RMB822.36 million and RMB777.38 million, with adjusted gross profit margin and gross profit margin of 52.4% and 49.6%, respectively;

For the year ended 31 August 2021, adjusted gross profit and gross profit of the Group amounted to RMB1,237.12 million and RMB1,175.97 million, with adjusted gross profit margin and gross profit margin of 53.2% and 50.6%, respectively.

Adjusted gross profit grew by RMB414.76 million compared with the same period last year, representing an increase of 50.4%; adjusted gross profit margin rose by 0.8% compared with the same period last year. The improvement in gross profit margin was mainly attributable to (i) the embodiment of the scale effect of centralized operation of schools, where the cost did not increase proportionally with the increase in the number of students; and (ii) the preliminary integration and improvement of the schools acquired.

Other Income and Gains

For the eight months ended 31 August 2020, other income and gains of the Group amounted to RMB129.75 million;

For the year ended 31 August 2020, other income and gains of the Group amounted to RMB240.37 million;

For the year ended 31 August 2021, other income and gains of the Group amounted to RMB666.53 million.

Other income and gains grew by RMB426.16 million compared with the same period last year, representing an increase of 117.3%, mainly due to (i) fair value gain of RMB212.2 million on remeasurement of a previously held equity interest in College of Science and Technology at the date of business combination, while there was no such gain during the previous period; (ii) an increase of RMB19.4 million in foreign exchange gains for the year; and (iii) reversal of impairment for Yinchuan University of Energy of RMB179 million.

Selling Expenses

For the eight months ended 31 August 2020, selling expenses of the Group amounted to RMB41.28 million;

For the year ended 31 August 2020, selling expenses of the Group amounted to RMB61.33 million;

For the year ended 31 August 2021, selling expenses of the Group amounted to RMB147.21 million.

Selling expenses rose by RMB85.88 million, or 140%, compared with the same period last year, mainly due to (i) the increase in marketing expenses for enrollment of students; (ii) the number of new students enrolled increasing by 49.3% compared with the same period last year; and (iii) the selling expenses amounting to RMB45.06 million of INTI University, which was newly consolidated during the current year, accounting for 52.5% of the total increase, due to the strengthening of student enrollment and publicity amid the serious overseas pandemic situation.

Administrative Expenses

For the eight months ended 31 August 2020, administrative expenses of the Group amounted to RMB113.60 million;

For the year ended 31 August 2020, administrative expenses of the Group amounted to RMB195.45 million;

For the year ended 31 August 2021, administrative expenses of the Group amounted to RMB332.75 million.

Administrative expenses rose by RMB137.3 million compared with the same period last year, representing an increase of 70.2%, mainly due to the increase of RMB95.82 million for the newly acquired schools for the year.

Other Expenses

For the eight months ended 31 August 2020, other expenses of the Group amounted to RMB42.65 million;

For the year ended 31 August 2020, other expenses of the Group amounted to RMB51.90 million;

For the year ended 31 August 2021, other expenses of the Group amounted to RMB102.07 million.

Other expenses increased by RMB50.17 million, or 96.7%, compared with the same period last year, mainly due to (i) the termination usage fee of the original brand of Guizhou University of Finance and Economics of RMB77.18 million; and (ii) offset by the foreign exchange loss of RMB37.54 million last year.

Finance Costs

For the eight months ended 31 August 2020, finance costs of the Group amounted to RMB143.94 million;

For the year ended 31 August 2020, finance costs of the Group amounted to RMB208.62 million;

For the year ended 31 August 2021, finance costs of the Group amounted to RMB298.42 million.

Finance costs increased by RMB89.80 million, or 43%, compared with the same period last year, mainly due to (i) an increase in finance costs accrued at amortised cost because of deferred payment for the purchase of the equity interest in Yinchuan University of Energy in 2019 and for the conversion fees of two independent colleges in Guizhou; (ii) an expansion of financing scale as the Company expanded its school operation; and (iii) the inclusion of issue expenses of convertible bonds in finance costs.

Profits of the Reporting Period

For the eight months ended 31 August 2020, the Group recorded adjusted net profit of RMB201.26 million, net profit of RMB119.35 million, adjusted net profit margin of 23.1%, and net profit margin of 13.7%;

For the year ended 31 August 2020, the Group recorded adjusted net profit of RMB575.78 million, net profit of RMB456.45 million, adjusted net profit margin of 36.7%, and net profit margin of 29.1%;

For the year ended 31 August 2021, the Group recorded adjusted net profit of RMB866.36 million, net profit of RMB605.12 million, adjusted net profit margin of 37.3%, and net profit margin of 26.0%.

Adjusted net profit increased by RMB290.58 million or 50.5% compared with the same period last year, whereas adjusted net profit margin increased by 0.6% compared with the same period last year. The increase in adjusted net profit was mainly attributable to (i) the continuous increases in enrollment in various schools of the Group; (ii) the successive consolidation of newly acquired schools into the financial statements of the Group; (iii) the scale effect of centralized operation of schools and the great result of lean management; and (iv) the reversal of impairment provision for Yinchuan University of Energy.

Capital Commitments

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

	As at 31 August 2021 *RMB'000*	As at 31 August 2020 *RMB'000*
Contracted, but not provided for:		
Property, plant and equipment	**1,211,724**	945,923
Prepaid land lease payments	**153,696**	–
Acquisition of equity interest	**297,243**	1,226,168
	1,662,663	2,172,091

CAPITAL AND FINANCIAL RESOURCES

As of 31 August 2021, the Group had total cash and bank balances of RMB4,814.40 million, among which: (i) cash and cash equivalents amounted to RMB4,357.29 million (31 August 2020: RMB2,894.44 million); and (ii) pledged and restricted deposits amounted to RMB457.11 million (31 August 2020: RMB513.55 million).

INDEBTEDNESS

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term loans for working capital and long-term loans for construction of school buildings and facilities, merger and acquisitions and other projects. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As of 31 August 2021, the aggregate loan balance amounted to RMB3,110.50 million, among which RMB1,505.52 million was denominated in RMB, RMB3.31 million was denominated in RM, and RMB1,601.67 million was denominated in US dollars. As of 31 August 2021, the Group's bank loans and other borrowings bore effective interest rates ranging from 4.34% to 14.5% per annum. Without taking into account the financing lease loan for the newly acquired Jinken College in April this year, other bank loans and other borrowings of the Group bore effective interest rates ranging from 4.34% to 7.5% per annum. The Group considers that, with part of the financing lease loan for Jinken College due to be repaid, the effective interest rate per annum will be reduced continuously, coupled with the fact that loans bearing relatively higher annual interest rates are of lower principal amount, the effect on finance costs of the Group will not be material.

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

Current Ratio

As at 31 August 2021, current assets of the Group amounted to RMB5,719.65 million, consisting of bank balance of RMB4,518.32 million, prepayments, deposits and other receivables of RMB1,016.08 million and other current assets of RMB185.25 million. Current liabilities of the Group amounted to RMB6,879.46 million, including accruals and other payables of RMB2,789.27 million, contract liabilities of RMB1,485.36 million, interest-bearing bank and other loans of RMB2,140.40 million and other current liabilities of RMB464.43 million. As at 31 August 2021, current ratio (current assets divided by current liabilities) of the Group was 0.83 (31 August 2020: 1.18).

Contingent Liabilities

As at 31 August 2021, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Net Debt to Equity Ratio

As at 31 August 2021, net debt to equity ratio equalled to total interest-bearing bank loans and other borrowings of RMB3,110.50 million, net of cash and cash equivalents of RMB4,357.29 million, pledged and restricted deposits of RMB457.11 million as at the end of the year divided by total owner's equity of RMB7,806.83 million as at the end of the year. The Group's net debt to equity ratio was -21.83%, representing a decrease of 16.56% as compared with -5.27% as at 31 August 2020.

Debt to Equity Ratio

As at 31 August 2021, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank loans by total equity) was 39.84% (31 August 2020: 54.75%).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

BUSINESS REVIEW

During the Reporting Period, the Group operated and invested in nineteen higher education schools and two technical colleges at home and abroad. It covers 10 provinces in China and Malaysia, including (i) eight undergraduate colleges, namely Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Guizhou Qiannan Economic College, Guizhou Qiannan College of Science and Technology, Yinchuan University of Energy, INTI International University, Gongqing College of Nanchang University and Pioneer College of Inner Mongolia University; (ii) eleven junior colleges, namely Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology, Nanchang Vocational Institute of Film and Television Communication, Jinken Vocational Institute of Technology, Baiyin Hope Vocational and Technical College and Xingtai Vocational College of Applied Technology; and (iii) two technical colleges, namely Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology. As of 1 November 2021, being the date on which the enrollment figures were announced, total number of student enrollment of the Group was 232,059, a record high in the history of the Group.

DORMITORY UTILISATION RATE

	As of 1 November 2021	As of 15 October 2020
Number of student enrollment	**232,059**	194,554
Number of beds	**256,503**	224,006
Overall utilisation rate	**90.5%**	86.9%

Significant Events for the Reporting Period

1. *Assisting more private universities to realize high-quality development through external expansion*

   During the Reporting Period, the Group further upgraded Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology, Yinchuan University of Energy, Nanchang Vocational Institute of Film and Television Communication, Jinken Vocational Institute of Technology, the Gongqing College of Nanchang University and Pioneer College of Inner Mongolia University newly acquired in 2019, 2020 and 2021, and introduced high-quality teacher resources to help apply for a number of national and provincial control majors, including intelligent manufacturing engineering major, new energy vehicle engineering major, intelligent construction major, pre-school education major, intelligent network vehicle technology major and modern housekeeping service and management major. The newly added practical training area was 22,081 square meters and the newly added practical training investment was RMB93.42 million, which further promoted the improvement of education quality, thus helping students achieve better employment and attracting more young students.

2. *Helping the youth in less-educated areas to change their fate with knowledge through the establishment of new schools*

Baiyin Hope Vocational and Technical College and Xingtai Vocational College of Applied Technology opened for school in September 2021. Founded in 2021, Baiyin Hope Vocational and Technical College is the first private higher vocational college in Gansu Province approved by the People's Government of Gansu Province and filed with the MOE. Xingtai Vocational College of Applied Technology is located in Wei County, Xingtai, a garden city in Hebei Province. It is a full-time general higher vocational college approved by the People's Government of Hebei Province and filed with the MOE. It has the qualification to issue nationally recognised academic certificates independently.

The projects in Zhangshu City, Jiangxi Province and Zhong County, Chongqing are now part of the provincial and municipal "14th Five-Year" college establishment plan. The progress of the projects is as follows:

1) Chongqing Digital Industry Vocational College has acquired all the school sites. The college project is now part of the "14th Five-Year" college establishment plan in Chongqing.

2) Jiangxi Zhangshu Vocational College of Traditional Chinese Medicine has acquired the school sites for the first and second phases. The college project is now part of the "14th Five-Year" college establishment plan in Jiangxi Province.

The above new school establishment projects are progressing in an orderly manner. The gradual completion of the new schools will bring more high-quality education resources to the local youth.

3. *New achievements in colleges' major establishment and teaching quality through quality enhancement and excellence*

During the Reporting Period, seven colleges established 6 national control majors including pre-school education and 15 provincial control majors including nursing; and seven majors of 3 colleges were listed as the first-class undergraduate professional nurturing point at the provincial level. 34 courses of 5 colleges were listed as national courses, and 9 courses were listed as first-class courses at the provincial level and demonstration courses. 16 colleges won 28 first prizes in national competitions, including the Contemporary Undergraduate Mathematical Contest in Modeling, 62 second prizes in national competitions, and 102 third prizes in national competitions; 304 first prizes in provincial competition; students from Sichuan Top Institute of Information Technology won one championship in the 11th National Games for Persons with Disabilities. 7 colleges were awarded 19 national and social honors such as "Academic Pioneer" in 2020.

Our Schools

As of 31 August 2021, we operated 8 undergraduate colleges, 11 junior colleges and 2 technical colleges. The table below sets out details of the schools under our Group.

School	Year Founded	Year of Joining our Group	Description
Southwest Jiaotong University Hope College	2009	2009	The college offered a total of 46 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the Western region.
Jinci College of Shanxi Medical University	2002	2014	The college offered a total of 13 undergraduate majors and is one of the twelve private undergraduate medical schools in China and is the only independent college in Shanxi that provides clinical medical education.
Guizhou Qiannan Economic College	2004	2014	The college offered a total of 29 undergraduate majors, featuring economics, management and finance majors.
Guizhou Qiannan College of Science and Technology	2001	2019	The college offered 25 majors to train professional talents possessing knowledge and skills in information technology, science and finance.
Yinchuan University of Energy	1999	2019	The university offered 37 undergraduate majors, covering 8 disciplines, had 3 provincial experimental teaching demonstration centres. It is the only private university in Ningxia that can enroll foreign students.

School	Year Founded	Year of Joining our Group	Description
Sichuan Tianyi College	1994	2011	The college offered 43 majors and is one of the first private schools (totaling 7 schools) in China and the first private college in Southwest China approved to be a formal private higher education institution.
Sichuan Hope Automotive Vocational College	2013	2013	The college offered 20 majors, specialising in automobile related majors.
Sichuan Vocational College of Culture & Communication	2005	2014	The college offered 43 majors, specializing in film and television media and pre-school education.
Guizhou Vocational Institute of Technology	2016	2016	The college offered over 20 majors, specialising in pre-school education and healthcare majors.
Sichuan TOP IT Vocational Institute	2000	2017	The college offered 32 majors, specializing in computer and information and software technology majors and is an MOE-approved national demonstration software vocational and technical college and a national high-skilled personnel training base for the electronic information industry.
Hebi Automotive Engineering Vocational College	2011	2019	The college offered 46 majors to train professional talents possessing automobile related knowledge and skills.

School	Year Founded	Year of Joining our Group	Description
Suzhou Top Institute of Information Technology	2003	2019	The college offered 34 majors, specializing in computer and information and software technology majors.
Sichuan Hope Automotive Technical College	2016	2016	The college offered 15 majors to train professional talents possessing automobile related knowledge and skills.
Guizhou Technical College of Technology	2019	2019	The college offered about 20 majors, specialising in pre-school education and healthcare majors.
INTI International University	1986	2020	The college offered majors in about 18 disciplines, specialising in commerce, computer, engineering, medicine, psychology, education, mass media as well as art and design majors.
Nanchang Vocational Institute of Film and Television Communication	2015	2020	The college offered 25 majors, specializing in film and television performances, art and design and digital media majors.
Gongqing College of Nanchang University	1985	2021	The college had 8 teaching departments, including the Department of Economics and Trade and the Department of Engineering Technology, offered 21 undergraduate majors and 12 junior majors and had 1 research institute.

School	Year Founded	Year of Joining our Group	Description
Pioneer College of Inner Mongolia University	2008	2021	The college offered 28 undergraduate majors, 5 of which (i.e. Chinese language and literature, automation, visual communication design, human resource management and journalism) were approved as first-class professional construction sites at the autonomous region level.
Jinken Vocational Institute of Technology	2000	2021	The college offered more than 30 majors in automotive, machinery, construction and civil engineering, electronic information, economic management, humanities and social sciences and digital art.
Baiyin Hope Vocational and Technical College	2021	2021	The college offered 5 majors, namely new energy vehicle technology, automobile manufacturing and testing technology, urban rail transit operation and management, big data information technology and e-commerce. The college had 36 laboratories and training rooms.
Xingtai Vocational College of Applied Technology	2021	2021	The college housed the Department of Automotive Engineering, Department of Information Technology, Department of Health Management, Department of Ideological and Political and Department of Basic Education. It offered 5 majors at first, including new energy vehicle testing and maintenance technology, big data technology, rural e-commerce, health management and childcare service and management.

Southwest Jiaotong University Hope College

Southwest Jiaotong University Hope College is a full-time ordinary undergraduate college established in 2009 approved by the MOE. The college currently offers 46 undergraduate and specialist majors, forming a professional group with rail transportation as the characteristic discipline, civil engineering as the supporting discipline, and business major as the extension discipline. It has built several high-standard and modern experimental training bases such as a rail transportation training centre, a civil digital architecture practice teaching centre and a business school training centre. The college currently has 4 majors approved as first-class majors in Sichuan Province, 6 majors acknowledged as applied demonstration majors in Sichuan Province,and 4 majors acknowledged as key characteristic majors in private colleges in Sichuan Province,achieving full coverage of key major construction.

Jinci College of Shanxi Medical University

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

Guizhou Qiannan Economic College

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

Guizhou Qiannan College of Science and Technology

Guizhou Qiannan College of Science and Technology, formerly known as College of Science and Technology of Guizhou University, is an undergraduate general higher education institution approved by the Guizhou Provincial People's Government in May 2001 with first batch of approval of the MOE granted in January 2004. In 2021, the college was approved to convert into as Guizhou Qiannan College of Science and Technology. At present, the college has 5 professional education departments, namely literature department, law and public management department, engineering department, commerce department and art department as well as 2 public education units, namely Marxism-Leninism education department and sports education and research centre. It has 25 undergraduate majors covering six disciplines including engineering, management, economics, literature, law and art. A professional academic system of multi-disciplinary development in coordination featuring engineering and art has been shaped.

Yinchuan University of Energy

Yinchuan University of Energy was founded in 1999 and upgraded as an ordinary undergraduate college with approval of the MOE granted in 2012. The college currently comprises three campuses namely Wangtai campus, Binhe campus and Hequan Lake campus with a complete education, teaching, experimental and training and public service system. The college has 12 secondary colleges and 2 education divisions and offers 37 undergraduate majors, covering 8 disciplines including engineering, management, economics and literature. There are 11 first-class undergraduate majors in the autonomous region, 24 first-class courses in the autonomous region, 21 scientific research projects approved by the autonomous region, 5 demonstration majors for talents training through industry-education integration, 7 first-class undergraduate major construction sites, 3 experimental teaching demonstration centres, and 162 stable off-campus practice bases built with enterprises for college students. A professional academic system of engineering as main subject with multi-disciplinary development in coordination featuring energy and chemical engineering has been shaped. By proactively carrying out external cooperation in education in recent years, the college has been the intended cooperative college of the national "Internet + Made in China 2025" Plan for the Integration and Promotion of Industry and Education ("互聯網+中國製造 2025" 產教融合促進計劃項目). At the same time, it has successively established long-term and stable school cooperation with 12 foreign colleges and universities, and is the only private higher education institution in Ningxia that can enroll foreign students.

Gongqing College of Nanchang University

Founded in 1985, Gongqing College of Nanchang University is an independent college with coordinated development of engineering, literature, education, economics, management, and art.The college is based on Gongqing's characteristic industries and the Ganjiang New Area Economic Belt, focusing on Jiangxi and national development strategy. It is oriented towards employment promotion, building a professional cluster with engineering as the mainstay. The college now has 8 teaching departments and divisions, including economics and trade department as well as engineering and technology department. It has 21 undergraduate majors, 12 junior majors and 1 research institute. The college's students have repeatedly achieved good results in various competitions across the country and the province, receiving over the past five years a total of 574 awards in various scientific competitions at or above the provincial level.

Pioneer College of Inner Mongolia University

Located in Hohhot, the capital city of the Inner Mongolia Autonomous Region, Pioneer College of Inner Mongolia University is a full-time ordinary undergraduate independent college formally approved by the MOE in 2008 and started its enrollment in the same year. The college has trained more than 20,000 undergraduate graduates in total. The college has 6 secondary colleges and 2 teaching departments, offering 28 undergraduate majors. Among which, 5 majors, namely Chinese language and literature, automation, visual communication design, human resource management,and journalism have been approved as first-class professional construction sites at the autonomous region level, with 110 stable off-campus practice bases built with enterprises for college students.

INTI International University

Founded in 1986, INTI International University is one of the five-star universities issued by the Ministry of Higher Education of Malaysia, and enjoys a reputation for its teaching standards and academic qualities in Malaysia. INTI International University offers undergraduate, postgraduate and doctoral programmes in the fields of business, computing, engineering, medicine, psychology, education, mass communication and art and design. The programmes offered by INTI International University primarily include intensive English programmes, university programmes in business studies, engineering, computing, certificate in laws, and other professional certificates as well as postgraduate programmes such as MBA and master in personal and mobile satellite communication.INTI International University cooperates with many renowned universities in countries such as the United Kingdom, the United States, Australia and New Zealand to offer various kinds of latest international courses and international linked programmes at certificate, diploma, bachelor's degree and master's degree levels. All courses and programmes are verified and certified by the relevant renowned universities in the United Kingdom, the United States, Australia and New Zealand, offering students a learning environment with opportunities to exchange with students from various countries.

Sichuan Tianyi College

Founded in 1994, Sichuan Tianyi College was one of the first private schools in China and the first full-time private college in Southwest China approved by the State Education Commission to be a formal private higher education institution. As of 31 August 2021, the college was successfully approved with the second batch of national 1+X pilot certificates (website operation and promotion). The college offers 43 majors in 9 main categories, including economics and business, civil engineering and architecture, tourism, electronic information, culture and art, and medicine and health, established 3 provincial featured majors, 1 key featured major of Sichuan Association for Non-Government Education (四川省民辦教育協會), and approved research on a total of 127 projects and topics. In respect of college-enterprise cooperation, deep integrated development is achieved through combined practice between the college and enterprises over the years, and have now formed the "233+X" model of talent cultivation. The 2016 and 2018 Baoye order classes were established by the department of construction engineering and Baoye Group, and 1 set of teaching materials was jointly developed. In respect of practical training, 119 off-campus training bases were established.

Sichuan Hope Automotive Vocational College

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

Sichuan Vocational College of Culture & Communication

Founded in 2005, Sichuan Vocational College of Culture & Communication is a full-time ordinary higher education institution approved by the People's Government of Sichuan Province, filed with the MOE, administered by the Education Office of Sichuan Province, included into the national uniform enrollment scheme and possessing the qualification of independently issuing national recognized college diplomas. The college currently offers a total of 43 majors, and endeavours to construct five groups of distinctive specialities, namely radio, film and television, culture education, art and design, performing arts and aviation services, with the focus placed on seven core majors, including film and television multimedia technology, photography and videography technology, preschool education, animation design, advertisement design and production, public culture service and management and drone application technology.

Guizhou Vocational Institute of Technology

Guizhou Vocational Institute of Technology was established in 2016. The college has 7 departments and divisions including automotive engineering department, chemical engineering department, economics and trade department, electronic information engineering department, and nursing department as well as pre-school education division, basic advancement division and international advancement division. The departments and divisions cover more than 20 majors such as automotive inspection and maintenance technology, automotive technical services and marketing as well as automobile new energy technology. It actively builds an academic system with distinctive characteristics and adapted to the needs of high-quality regional economic and social development. At present, the college has built 5 training centers in chemical, automotive, nursing, economics and trade and 71 experimental training modules. It has successively cooperated in depth with more than 100 companies such as Shanghai Volkswagen, Wengfu Group, and Chanhen Chemical and signed school-enterprise cooperation agreements with more than 40 hospitals in Guizhou province to jointly build internship and training bases with a view to jointly cultivate students, providing a broad platform for student internships and high-quality employment. College graduates are well received by employers. The student's vocational qualification certificate rate has reached 100%, and the employment rate of graduates has exceeded 85% for two consecutive years. One-time employment rate ranks in the forefront of similar institutions in the province, and the number of college students innovating and starting businesses has increased year by year, and a number of advanced models of employment and entrepreneurship have emerged.

Sichuan TOP IT Vocational Institute

Founded in 2000, Sichuan TOP IT Vocational Institute is one of the first national demonstration software vocational and technical colleges approved by the MOE. It is also a national training base for skilled talents in short supply, a national high-skilled personnel training base for the electronic information industry, a national service outsourcing talents training base, and a training base for young technicians in the electronic information industry in Sichuan Province. In 2020, the college became a pilot college among the third batch of the MOE's "1+X" certification system. The college adheres to industry-education integration and values the cultivation of applied skills and general quality for students. It constructed a computer application and software technology training base (a vocational education training base supported financially by the Central Government), a mobile internet innovative training base, a software technology and production training base, an "Internet+" innovative and entrepreneurial talent incubation training base, a digital control training centre, an automobile training centre, a JD campus training centre, a clinical nursing skills training centre, a pre-school education profession training centre as well as more than 120 professional experimental training rooms with advanced equipment. As at the date of this annual report, the number of students enrolled has recorded a new high.

Hebi Automotive Engineering Vocational College

Hebi Automotive Engineering Vocational College is the only formal automobile engineering higher education institution in Henan Province. The college offers 46 majors in automobile, electronics, machinery, economics and management disciplines to address the development needs of the automobile industry. Since 2021, 7 projects above department level, 15 utility model patents, 15 education research achievement awards above provincial level, 2 municipal scientific and technological progress awards (second prize) have been added, while 20 academic papers (including 6 in core journals) have been published. The college established good relationship with various prominent automobile manufacturing and related enterprises successively, and entered into tailor-made cooperation agreements with them. Employment rate of graduates has kept above 97% for many years in a row.

Suzhou Top Institute of Information Technology

Suzhou Top Institute of Information Technology is located in Kunshan City, Jiangsu Province, with 34 majors. Focusing on school-enterprise cooperation and deepening the integration of industries and education, in 2019, the college and enterprises deepened cooperation by opening 5 customized classes in the mode of rotating the learning and work experience, so that internship of more than 2,473 students were successfully completed. There were 27 internship projects, of which, 5 units cooperated for the first time. The college won the title of "excellent college for "government – school – enterprise" cooperation" for six consecutive years, and received an "A grade" in the 2020 Quantitative Assessment for Employment of High School Graduates in Jiangsu Province (江蘇省 2020 年高校畢業生就業工作量化考核).

Nanchang Vocational Institute of Film and Television Communication

Nanchang Vocational Institute of Film and Television Communication, approved by the People's Government of Jiangxi Province and filed with the MOE in 2015, is a private formal higher vocational institute focusing primarily on media studies in film and television. It is the first higher vocational institute in Jiangxi Province that features media studies in film and television and covers relevant technologies in the corresponding industries. It is also the first private featured higher education institution in Jiangxi Province to pass the ISO9001:2000 international quality system certification. The institute structures its programmes according to the characteristics of the media and art communication industry of film and television around 3 major areas, namely film, television and media performance, art and design and music and dance, offering 25 majors such as film and television directing, theatre, film and television performance, dance performance, broadcasting and hosting, film and television animation, art and design, advertisement design and production, digital media technology, photography and videography technology and network news and communication.

Jinken Vocational Institute of Technology

Jinken Vocational Institute of Technology is a provincial full-time private ordinary vocational college approved by the People's Government of Jiangsu and filed with the MOE. In 2011, the college was identified as a provincial-level demonstration higher vocational college cultivation and construction unit. In 2013, it successfully passed the national higher vocational colleges' talent training work evaluation. After more than 20 years since its establishment, the college offers more than 30 majors in automobile, machinery, construction and civil engineering, electronic information, economic management, humanities and social sciences, and digital art. It set a professional layout of "engineering major as subject with coordinated development of economics, management, science, literature and art". It has 1 national key construction engineering technology major, 1 provincial construction engineering technology key professional major, 1 provincial mechanical manufacturing and automation specifics major, 1 provincial numerical control higher vocational training base, and 1 provincial innovative experimental base for cultivation of talents in automobile major. The construction engineering technology major has been established as a brand major in colleges in Jiangsu Province during the "13th Five-Year Plan" period. In 2021, big data and accounting and other economic and management majors have been listed as key development majors by the Group.

Baiyin Hope Vocational and Technical College

Founded in 2021, Baiyin Hope Vocational and Technical College is the first private higher vocational college in Gansu Province with the approval of the People's Government of Gansu Province and filed with the MOE. The college now has 5 majors namely new energy automobile technology, automobile manufacturing and testing technology, urban rail transportation operation management, big data information technology, and e-commerce. The college currently has 36 experimental training rooms, and has signed school-enterprise cooperation agreements with more than 30 enterprises including Baiyin Data Management Bureau (白銀市大數據管理局), Baiyin Transportation Bureau (白銀市交通運輸局), Gansu Bangnongqing e-Commerce Co., Ltd. (甘肅邦農情電子商務有限責任公司).

Xingtai Vocational College of Applied Technology

Xingtai Vocational College of Applied Technology is located in Wei County, Xingtai, a garden city in Hebei Province. It is a full-time ordinary higher vocational college approved by the People's Government of Hebei Province and filed with the MOE. It has the qualification to independently issue nationally recognized academic certificates. The college is a regional revitalization education assistance project unit that the MOE focuses on. The college now has automotive engineering department, information technology department, health management department, ideological and political foundation department, basic education department. It is the pioneer of five majors of new energy automobile testing and maintenance technology, big data technology, rural e-commerce, health management as well as infant care service and management.

Sichuan Hope Automotive Technical College

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

Guizhou Technical College of Technology

Guizhou Technical College of Technology was established in 2019 with the approval of the People's Government of Guizhou Province. The college is located in Fuquan City, Guizhou Province and, to date, has established partnerships with 86 major enterprises and industrial associations. In particular, the co-building of internship training bases inside and outside the college has been carried out by its department of nursing with The People's Hospital of Qiandongnan Miao and Dong Autonomous Prefecture (黔東南苗族侗族自治州人民醫院), The People's Hospital of Guiyang (貴陽市人民醫院), The First People's Hospital of Fuquan City, etc.; its department of chemical technology with Guizhou Henghua Co. LTD, etc.; and its department of automobile with BAIC Yinxiang Automobile Co., Ltd, etc. to cultivate high-quality and highly skilled talents for the development of local society.

IMPACTS OF COVID-19 PANDEMIC ON THE GROUP IN 2021

Since 2020, thanks to the Chinese government's strong and powerful pandemic prevention and control measures, the pandemic in China has been effectively controlled. The Company and schools conscientiously implemented the government's decision and deployment, focusing on campus pandemic prevention and control on the one hand, and education and teaching on the other, ensuring the quality of talent training by optimizing teaching programs, and the operation of domestic institutions is unaffected. However, due to the continued spread of the pandemic overseas, the Company's enrollment at INTI International University in Malaysia has been affected in certain extent. We will continue to closely monitor changes in the pandemic and take timely and effective measures to address any potential risks.

INDUSTRY POLICY DIRECTION

In 2021, the State has issued a series of major policies and initiatives to support the vigorous development of vocational education. In April, the central government convened the National Conference on Vocational Education, and General Secretary Xi Jinping and Premier Li Keqiang gave important instructions to deepen the reform of vocational education operation mode, steadily develop vocational undergraduate education, and strive to build a high-standard and high-level technical and skilled personnel training system. In May, the State Council issued the Regulations on the Implementation of the Law of the People's Republic of China on the Promotion of Private Education to further clarify the policy of encouraging social forces to participate in the development of vocational education. In June, the draft revision of the Law of the People's Republic of China on Vocational Education passed the deliberations of the Standing Committee of the National People's Congress, making it clear that vocational and general education is independent type of education which have the same position of importance, showing the determination and intention of the state to vigorously develop vocational education. In October, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Promoting the High-Quality Development of Modern Vocational Education, which clearly "encourage listed companies and leading industrial enterprises to organize vocational education, and encourage all kinds of enterprises to participate in organizing vocational education according to the law", enhancing the confidence of the capital market towards the organization of vocational education and the achievement of sustainable development of listed companies. The opinion proposes that "the enrollment scale of vocational undergraduate education should not be less than 10% of the enrollment scale of higher vocational education" by 2025, which provides policy support and development space for the upgrading of specialized vocational colleges to undergraduate vocational colleges.

We firmly believe that with the introduction of a series of laws and regulations and major policies to encourage the development of vocational education, vocational education is entering a new stage of accelerated development and high-quality development.

OUTLOOK

China's education has entered a stage of high-quality development, and the development environment and requirements of private education have changed fundamentally. It is the historical responsibility of Hope educators to develop quality higher education, improve the capability and level of schooling, and nourish more applied technical and skilled talents to the society. To this end, we will plan to implement the following strategies:

(1) Active Establishment of Specialized Institutions

Adhered to the strategy of "one school with one characteristic", the Company will promote each institution to optimize its orientation and determine its specialties based on its existing advantages and new demands for regional social and economic development, and increase investment in the construction of specialties to build up the faculty, teaching and research facilities and equipment and practical training system required by the specialties. Through a number of specialized professional construction results to support and form the characteristics of the institutions, the competitiveness of institutional development will be comprehensively enhanced.

(2) Overall Improvement of the Qualities and Capabilities of Students

The Company will insist on the "student-centered" philosophy to promote the institutions to face the new demands of society, industries and enterprises for talents, reform the curriculum system and teaching content, empower students with new knowledge and skills; fully promote the integration of industry and education, school-enterprise cooperation, and organize technical and skills education throughout the teaching, practical training, engineering integration and other aspects, comprehensively improve students' practical skills, problem-solving ability and employment and entrepreneurial ability, and help students achieve their dreams in lives.

(3) Promote the Synergistic Development of Domestic and Overseas Institutions

Relying on the advantages of having INTI International University in Malaysia and Shinawatra University in Thailand, the Company will stick to the concept of "synergistic development" to actively explore the synergistic operation of domestic and overseas institutions to promote the sharing of high-quality teaching resources and student sources and achieve synergistic development.

In the future, the Company will seize a series of major policy opportunities to encourage the development of vocational education, focus on the core of improving the quality of talent training, accelerate the building of strong specialties, operate good institutions with specialties, and strive to train high-standard, high-level technical and skilled personnel for society, and comprehensively enhance the core competitiveness of the Company in the field of private higher education.

OTHER EVENTS

Events after the Reporting Period

(i) On 31 August 2021, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Sichuan Tequ Mayflower Education Management Co.,Ltd.* (四川特驅五月花教育管理有限公司), which holds 50,000,000 shares of Dingli, representing approximately 8.93% equity interest in Dingli (an associate of the Group),to a related party for a total consideration of RMB527 million. Further information can be found in the Company's announcement and circular dated 5 November 2021. The resolution was passed by the independent shareholders by way of poll at the extraordinary general meeting held on 20 November 2021.

(ii) On 18 November 2021, all conditions precedent under the acquisition agreement in relation to Shinawatra University in Thailand had been fulfilled. Upon completion, Shinawatra University in Thailand became a wholly-owned subsidiary of the Company, and its financial results will be consolidated into the accounts of the Group.

(iii) On 29 November 2021, the Board of the Group proposed to adopt a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange. It is expected that the total amount shall not exceed 10% of the issued ordinary share capital of the Company on the date of approval of the refreshed limit. The Board will convene an extraordinary general meeting to seek Shareholders' approval for the adoption of the share option scheme.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2021.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information (not including the unaudited figures for the year ended 31 August 2020) set out in this annual report does not constitute the Group's audited accounts for the year ended 31 August 2021, but represents an extract from the consolidated financial statements for the year ended 31 August 2021 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the audit committee of the Company and approved by the Board.

DIRECTORS AND SENIOR MANAGEMENT

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

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

Name	Age	Date of Joining the Group	Position	Date of Appointment	Responsibility
XU Changjun (徐昌俊)	64	18 April 2012	Chairman, Executive Director	2 February 2018 13 March 2017	Responsible for overseeing the affairs of the Board
WANG Huiwu (汪輝武)	48	5 January 2005	Executive Director, Chief Executive Officer, President	13 March 2017 2 February 2018 2 February 2018	Responsible for implementing Board resolutions, overall strategic planning and operational management of the Group
LI Tao (李濤)	51	5 December 2010	Executive Director	13 March 2017	Responsible for business development and mergers and acquisitions of the Group
TANG Jianyuan (唐健源)	53	7 September 2016	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
LU Zhichao (呂志超)	50	13 March 2017	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
HE Shengli (賀勝利)	49	24 June 2021	Non-executive Director	24 June 2021	Responsible for monitoring overall management and strategic planning of the Group
ZHANG Jin (張進)	63	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
CHEN Yunhua (陳雲華)	69	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
GAO Hao (高皓)	39	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice

DIRECTORS AND SENIOR MANAGEMENT

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

Name	Age	Date of First Joining the Group	Position	Date of Appointment	Roles and Responsibilities
WANG Huiwu (汪輝武)	48	5 January 2005	Chief Executive Officer, President	2 February 2018 2 February 2018	Responsible for implementing Board resolutions, overall strategic planning and operational management of the Group
JIANG Lin (蔣林)	54	18 February 2016	Chief Operating Officer, Executive Vice President	2 February 2018 2 February 2018	Responsible for overseeing the day-to-day operations of the Group
LOU Qunwei (婁群偉)	52	12 January 2005	Senior Vice President	2 February 2018	Responsible for the teaching and management of students
YUAN Junmin (袁俊民)	40	1 January 2021	Chief Financial Officer	1 January 2021	Responsible for finance management of the Group
HUANG Zhongcai (黃忠財)	36	1 July 2014	Vice President, Joint Company Secretary	22 November 2018 15 March 2018	Responsible for capital operations and investor relations

Directors

XU Changjun (徐昌俊), aged 64, is the chairman of the Board and an executive Director. Mr. Xu has been appointed as chairman of the Company since 2 February 2018 and executive Director of the Company since 13 March 2017. Mr. Xu has been a director of Hope Education since April 2012; the chairman of Sichuan Hope Education since September 2016; a council member of Southwest Jiaotong University Hope College since June 2016; and a director of WFOE since 19 January 2018.

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

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

WANG Huiwu (汪輝武), aged 48, is an executive Director, the chief executive officer and the president. Mr. Wang has been appointed as executive Director of the Company since 13 March 2017 and chief executive officer and president of the Company since 2 February 2018. Mr. Wang served as a supervisor of Sichuan Hope Education from January 2005 to October 2007; and a director and the president of Sichuan Hope Education since October 2007.

Mr. Wang served as the principal and managing director of Chengdu Mayflower Computer Science Professional College (成都五月花計算機專業學校) from March 1999 to September 2007; the chairman of Sichuan Mayflower Professional College (四川五月花專修學院) since December 2004; a supervisor of Sichuan Guojian Investment Limited since December 2007; a director of Southwest Jiaotong University Hope College since January 2009; an executive director of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Tianyi College since September 2011; a director of Ziyang Maysunshine Education Investment Limited since November 2012; the chairman of the council of Sichuan Hope Automotive Vocational College since May 2013; a director of Guizhou Qiannan Economic College since September 2014; a director of Jinci College of Shanxi Medical University since December 2014; the chairman of the council of Sichuan Hope Automotive Technical College since January 2017; and a director of WFOE since 19 January 2018.

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

LI Tao (李濤), aged 51, is an executive Director. Mr. Li has been appointed as executive Director of the Company since 13 March 2017.

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

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

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

TANG Jianyuan (唐健源), aged 53, is a non-executive Director. Mr. Tang has been appointed as non-executive Director of the Company since 13 March 2017. Mr. Tang has served as executive vice president and vice chairman of Sichuan Tequ Investment since December 2010 and a director of Sichuan Hope Education since September 2016.

Mr. Tang served as the general manager at AnShun Tequ Feed Limited (安順特驅飼料有限公司) from April 2003 to December 2010. AnShun Tequ Feed Limited is principally engaged in process and sales of pigs and livestock feed.

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

LU Zhichao (呂志超), aged 50, is a non-executive Director. Mr. Lu has been appointed as a non-executive Director of the Company since 13 March 2017. Mr. Lu has served as the managing director of the Renminbi Mezzanine Fund (renamed as Consumption Fund since August 2021) at China Everbright Limited since 3 June 2013.

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

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

HE Shengli (賀勝利), aged 49, is a non-executive director. Mr. He has been appointed as a non-executive director of the Company since 24 June 2021.

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

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

Zhang Jin (張進), aged 63, is an independent non-executive Director. Mr. Zhang has been appointed as independent non-executive Director of the Company since 14 July 2018.

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

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

CHEN Yunhua (陳雲華), aged 69, is an independent non-executive Director. Mr. Chen has been appointed as independent non-executive Director of the Company since 14 July 2018.

Mr. Chen served as the vice president of the Sichuan Police Academy (四川省警察學會) from March 2002 to August 2014; has been hired by the Ministry of Public Security as the head of Public Security Policeman Training Center (公安幹警培訓基地) since March 2017; the principal of Sichuan Police Academy (四川警察學院) and the deputy secretary to the Party committee from June 2009 to August 2014; was awarded Class I Police Rank and served as the principal of Sichuan Police Academy from February 2010 to August 2014 and a committee member of 11th Chinese People's Political Consultative Conference of Sichuan Province (四川省十一屆政協) from October 2010 to November 2015.

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

GAO Hao (高皓), aged 39, is an independent non-executive Director. He has been appointed as an independent non-executive director of the Company since 14 July 2018. Dr. Gao has been the director of the Global Family Business Research Center (全球家族企業研究中心) at the Tsinghua University National Institute of Financial Research (清華大學國家金融研究院) since September 2015; the director of Center for Green Finance Research (綠色金融研究中心) at the Tsinghua University Institute of Financial Research since June 2021; the executive director of the China Financial Case Center (中國金融案例中心) of Tsinghua University PBC School of Finance (清華大學五道口金融學院) from June 2013 to December 2014; the director of the Strategic Cooperation and Development Office (戰略合作與發展辦公室) of Tsinghua University PBC School of Finance from December 2014 to February 2020. Dr. Gao's research and teaching center on corporate governance, corporate finance, family business, wealth management and green finance. He has authored more than 180 articles in domestic and international academic journals and finance magazines and has authored, edited or translated 16 books, and 4 cases were documented by Harvard Business School.

Dr. Gao has been the editor-in-chief of the Family Business Governance Series (家族企業治理叢書) and Family Wealth Succession Series (家族財富傳承叢書) by People's Publishing House/The Oriental Press (人民出版社／東方出版社) since December 2010; a council member and research fellow of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) since December 2018 and September 2017, respectively; a co-editor of Wealth Management Journal since January 2019; a council member of Think Tank Council of All-China Federation of Industry and Commerce (全國工商聯智庫委員會) since February 2019; and a member of Global Future Councils and an expert of Expert Network of World Economic Forum since August 2019 and March 2019, respectively.

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

Senior Management

WANG Huiwu (汪輝武), aged 48, is the chief executive officer and the president. For the biography of Mr. Wang, see "－Directors".

JIANG Lin (蔣林), aged 54, is the chief operating officer and the executive vice president. Mr. Jiang has been appointed as chief operating officer and executive vice president since 2 February 2018. Mr. Jiang has served as an executive vice president of Hope Education since February 2016.

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

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

LOU Qunwei (婁群偉), aged 52, is the senior vice president. Ms. Lou has been appointed as the senior vice president of the Company since 2 February 2018. Ms. Lou has served as a supervisor of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Tianyi College since September 2011; a director of Sichuan Hope Automotive Vocational College since May 2013; the chairman of the council and legal representative of Sichuan Vocational College of Culture & Communication since July 2014; the senior vice president of Hope Education since October 2014; a council member of Sichuan Hope Automotive Technical College since January 2017; and a director of Sichuan Guojian Investment Limited since May 2017.

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

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

YUAN Junmin (袁俊民), aged 40, is the chief financial officer. Mr. Yuan has been appointed as the chief financial officer of the Company since 1 January 2021.

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

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

HUANG Zhongcai (黃忠財), aged 36, is the vice president and joint company secretaries.Mr. Huang has been appointed as the vice president of the Company since 14 November 2018, and has been appointed as one of the joint company secretaries of the Company since 15 March 2018. Mr. Huang has been the Vice President of Hope Education since July 2014.

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

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

JOINT COMPANY SECRETARIES

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

LEUNG Wing Han Sharon (梁頴嫻) has been appointed as one of the joint company secretaries of our Company on 15 March 2018. Ms. Leung is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Leung is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 August 2021.

PRINCIPAL ACTIVITIES

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

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 August 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 135 of this annual report.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Company that have occurred during the year ended 31 August 2021, an analysis of the Group's performance during the year using financial key performance indicators, and the Company's environment policy and performance as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "ESG Report" of this annual report, which also constitute part of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

For the year ended 31 August 2021, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

EMPLOYEES

As of 31 August 2021, the Group had approximately 10,028 faculty members. For details of the gender and age distribution and loss rate of employees, see the "ESG Report" of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are primarily our students.

Our suppliers primarily comprise book suppliers, teaching equipment vendors, equipment and materials vendors and the university with which we have a partnership agreement. For the year ended 31 August 2021, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 58.55% of the annual total purchases.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the year ended 31 August 2021, there were no material and significant dispute between the Group and its employees, suppliers and/or customers.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

DIVIDEND POLICY

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

PAYMENT OF FINAL DIVIDEND

The Board has resolved to propose payment of a final dividend of RMB0.033 per share for the year ended 31 August 2021. The final dividend shall be proposed in RMB and be paid in Hong Kong dollars. The exchange rate adopted for the translation is the average exchange rate as announced by The People's Bank of China (HK$1.0 to RMB0.820) for the five business days prior to the declaration of final dividend (being 22 November 2021 to 26 November 2021). Accordingly, the amount of the final dividend payable in Hong Kong dollars will be HK$0.040 per share.

The final dividend will be paid on or about Wednesday, 9 March 2022 to the Shareholders whose names appear on the register of members of the Company on Monday, 28 February 2022.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Friday, 18 February 2022. Notice convening the annual general meeting and other relevant documents will be published and dispatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 18 February 2022, the register of members of the Company will be closed from Tuesday, 15 February 2022 to Friday, 18 February 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 February 2022.

In order to be qualified for the final dividend, the register of members of the Company will be closed by the Group from Thursday, 24 February 2022 to Monday, 28 February 2022 (both days inclusive), during which period no transfer of shares will be registered. All share transfer documents accompanied by the relevant share certificates must be lodged with the Group's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 February 2022.

SHARE CAPITAL

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2021 are set out in Note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2021 are set out in Note 32 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium. Under the Companies Law of the Cayman Islands and subject to compliance with the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As of 31 August 2021, the Company's reserve available for distribution to Shareholders amounted to approximately RMB5,219.0 million.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year ended 31 August 2021 and up to the date of this annual report were:

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

Non-Executive Directors
Mr. He Shengli (appointed on 24 June 2021)
Mr. Lu Zhichao
Mr. Tang Jianyuan
Mr. Wang Degen (resigned on 24 June 2021)

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

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for an initial term of three years from 24 July 2018, and is subject to re-election as and when required under the Articles of Association. The term of each of the service contracts shall end when the service contract is terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years from 24 July 2018, and is subject to re-election as and when required under the Articles of Association, which may be terminated in accordance with the terms and conditions of the letter of appointment or by either party giving to the other party not less than one month's prior notice in writing.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at 31 August 2021, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which was required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Position	Capacity/Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2021[2]
Wang Huiwu[1]	Executive Director and Chief Executive Officer	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		Interest in controlled corporation	295,000,000	Short Position	3.70%
		Beneficial interest	11,120,000	Long Position	0.14%
Li Tao	Executive Director	Beneficial interest	9,344,315	Long Position	0.12%
He Shengli	Non-executive Director	Beneficial interest	840,000	Long Position	0.01%
Tang Jianyuan	Non-executive Director	Interest in controlled corporation	77,050,101	Long Position	0.97%
			5,489,028	Short Position	0.07%
		Interest of spouse	15,826,106	Long Position	0.20%
			1,127,447	Short Position	0.01%

Notes:

(1) As at the Latest Practicable Date, Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Credit Suisse Trust Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited hold 96% interest in Maysunshine Limited, Maysunshine Limited hold 49% interest in Hope Education Investment Limited, Hope Education Investment Limited holds 51.88% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.

(2) Based on the number of issued shares as at 31 August 2021, being 7,981,260,173 Shares.

(3) As at 31 August 2021, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.88% interest in the Company. Accordingly, Tang Jianyuan (唐健源) is deemed as holding interest in the Company through Hope Education Investment Limited (希望教育投資有限公司).

(4) As at 31 August 2021, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生博根源有限公司), Striving Origin Company Limited (生博根源有限公司) holds approximately 13.50% interest in Tequ Group Limited (特驅集團有限公司), Tequ Group Limited (特驅集團有限公司) holds approximately 16.615% interest in Hope Education Investment Limited (希望教育投資有限公司), and Hope Education Investment Limited (希望教育投資有限公司) holds approximately 51.88% interest in the Company. Liu Birong (劉碧容) is spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生博根源有限公司) held by Liu Birong (劉碧容).

Save as disclosed above, as at 31 August 2021, none of the Directors and chief executive(s) of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

To the knowledge of any of Directors or chief executives of the Company, as at 31 August 2021, the following persons (other than the Directors or chief executives of the Company) or entities have an interest or short positions in Shares and underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2021[3]
Hope Education Investment Limited[1]	Beneficial interest	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Credit Suisse Trust Limited[1]	Trustee	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Maysunshine Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Tequ Group A Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
Tequ Group (Hong Kong) Company Limited[1]	Interest in controlled corporation	4,140,948,240	Long Position	51.88%
		295,000,000	Short Position	3.70%
	Beneficial interest	42,242,073	Long Position	0.53%
Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.7%
Sichuan Tequ Investment[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.70%
Chengdu West Hope Group Limited (成都華西希望集團有限公司) ("West Hope")[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.70%
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.70%
Zhang Qiang (張強)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.70%
Chen Yuxin (陳育新)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
		295,000,000	Short Position	3.70%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2021[3]
Zhao Guiqin (趙桂琴)[1]	Interest in controlled corporation	4,183,190,943	Long Position	52.41%
	Interest of spouse	295,000,000	Short Position	3.70%
China Everbright Holdings Company Limited (中國光大控股有限公司)[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%
Honorich Holdings Limited[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%
Datten Investments Limited[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%
China Everbright Holdings Co., Limited ("**CE Hong Kong**")[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%
China Everbright Group Limited ("**China Everbright Group**")[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%
Central Huijin Investment Limited ("**Central Huijin**")[2]	Interest in controlled corporation	475,005,158	Long Position	5.95%

Notes:

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

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

Thus, Maysunshine Limited, Tequ Group A Limited, and Maysunshine Holdings Limited, are deemed to be interested in 4,140,948,240 Shares of Long Position and 295,000,000 Shares of Short Position.

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

Thus, Tequ Group (Hong Kong) Company Limited, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Zhang Qiang (張強), Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are deemed to be interested in 4,183,190,943 Shares of Long Position and 295,000,000 Shares of Short Position.

(2) China Everbright Limited was owned as to approximately 49.39% by Honorich Holdings Limited and 0.35% by Everbright Investment & Management Limited (光大投資管理有限公司), respectively. Honorich Holdings Limited was wholly-owned by Datten Investments Limited, and each of Everbright Investment & Management Limited (光大投資管理有限公司) and Datten Investments Limited was in turn wholly-owned by CE Hong Kong, which was in turn wholly-owned by China Everbright Group. China Everbright Group was owned as to approximately 63.16% by Central Huijin.

Accordingly, each of China Everbright Limited, Honorich Holdings Limited, Datten Investments Limited, CE Hong Kong, China Everbright Group and Central Huijin is deemed to be interested in the Shares or security interest in shares held by each of related controlled corporation under the SFO.

(3) Based on the number of issued shares of the Company as at 31 August 2021, being 7,981,260,173 Shares.

Save as disclosed above, as at 31 August 2021, the Directors and chief executives of the Company are not aware of any other person or corporation who has an interest or short positions in Shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

2018 PRE-IPO SHARE OPTION SCHEME

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

Purpose

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

Who may Join

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

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

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

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

Maximum Number of Shares

The total number of Shares subject to the 2018 Pre-IPO Share Option Scheme is 500,000,000 Shares, representing approximately 6.26% of the issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

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

Vesting and Exercise Period

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

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

Amounts Payable for Application or Acceptance of Share Options

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

Exercise Price

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

Duration of the 2018 Pre-IPO Share Option Scheme

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

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

As of 31 August 2021, the number of relevant Shares subject to outstanding options granted under the 2018 Pre-IPO Share Option Scheme is 276,577,787 Shares, representing approximately 3.5% of the issued share capital of the Company. As of 31 August 2021, our Company had granted Pre-IPO Share Options to 321 Participants under the 2018 Pre-IPO Share Option Scheme.

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

Grantees	Number of share options					Date of grant	Exercise period	Exercise Price per share option	Vesting period	Weighted average closing price of the Company's shares		
	As at 1 September 2020	Granted during the period	Exercised During the period	Lapsed during the period	As at 31 August 2021			RMB per share		Price of the Company's share immediately before the grant date of options RMB per share	Immediately before the exercise date RMB per share	At the exercise date of share options HK$ per share
Directors												
Xu Changjun	1,288,871	–	1,288,871	–	–	18 March 2018	From 2 February 2019 to 2 August 2038	0.9311	From 18 March 2018 to 2 February 2019	–	–	–
Li Tao	6,649,167	–	952,000	–	5,697,167	18 March 2018	From 2 February 2019 to 2 August 2038	0.9311	From 18 March 2018 to 2 February 2019	–	–	–
Sub-total	**7,938,038**	**–**	**2,240,871**	**–**	**5,697,167**					–	–	–
Employees (including Senior Management) and other Grantees												
319 individuals	340,018,004	–	69,137,384	–	270,880,620	18 March 2018	From 2 February 2019 to 2 August 2038	0.5911/ 0.9311/1.131	From 18 March 2018 to 2 February 2019	–	–	–
Total	**347,956,042**	**–**	**71,378,255**	**–**	**276,577,787**					–	–	–

As of 31 August 2021, save for disclosed above, no share options were exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme.

Note: Details of the 2018 Pre-IPO Share Option Scheme adopted on 18 March 2018 are set out in Note 28 to the consolidated financial statements of this annual report.

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

During the year ended 31 August 2021, the Company or its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group on 31 August 2021 are set out in Note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 2018 Pre-IPO Share Option Scheme as described in the above, no equity-linked agreements were entered into by the Company during the year ended 31 August 2021.

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" in this report, during the year ended 31 August 2021, none of the Directors or entities connected with the Directors, had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its controlling company, any of its subsidiaries or fellow subsidiaries was a party.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 August 2021.

CONTRACTS OF SIGNIFICANCE ENTERED INTO WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2021, save as disclosed in the section headed "Continuing Connected Transactions" in this report, no other contract of significance was entered into by the Company or any of its subsidiaries with the Controlling Shareholders of the Company or its subsidiaries.

During the year ended 31 August 2021, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder of the Company or any of its subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

In the related party transactions disclosed in Note 36 to the consolidated financial statements, the following transactions constitute continuing connected transactions of the Company and need to be disclosed in this annual report under the requirements of Chapter 14A of the Listing Rules. The Company confirms that it has been in compliance with disclosure requirements under Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

1. **Property Leasing Framework Agreement**

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

Lessee	Lessor	Duration of the Lease	Description of the properties leased	Historical amounts for the eight months ended 31 August	Historical amounts for the year ended 31 August	Proposed annual cap for the year ended 31 December	Proposed annual cap for the eight months ended 31 December	Proposed annual cap for the year ended 31 August	
						(in millions of RMB)			
				2020	2021	2020	2021	2022	2023
Mr. Wang Huiwu and Tequ Education and/or their respective associates	Our Company	For a period of three years commencing on the Listing Date; if neither party raises any objection and subject to the regulatory requirements in the place where our Shares are listed, the term will be automatically renewed for a further term of three years upon expiry.	Land area of approximately 0.3 million sq.m.; gross floor area of approximately 0.2 million sq.m.	12.3	5.0	31.0	20.0	30.0	30.0

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

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

The rental payable per annum is determined with reference to the market rate as determined by our property valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, pursuant to applicable laws and regulations and the Listing Rules.

The amounts of rent paid or payable by Tequ Education and/or its associates to us for the eight months ended 31 August 2020 and the year ended 31 August 2021 were RMB12.3 million and RMB5.0 million, respectively. The annual caps were estimated based on the rental receivable as determined with reference to (i) the historical amounts; and (ii) as advised by our property valuer, according to market practice, landlords would usually offer a discounted rental rate for the first couple of years in long-term leases of large sites, after which rental rates would be gradually increased over the course of the term of the lease. Our property valuer has confirmed that (i) the terms and conditions of the Property Leasing Framework Agreement are made on normal commercial terms, fair and reasonable and on market rate; and (ii) the total amount payable to us under the Property Leasing Framework Agreement is no less favorable than those offered by Independent Third Parties.

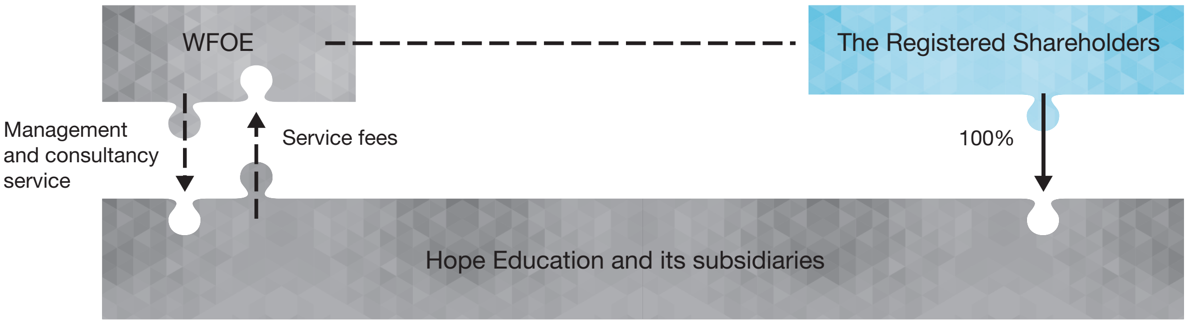
2. Contractual Arrangements

Reasons for Entering into Contractual Arrangements

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

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

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



Notes:

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

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

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

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

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

Listing Rules Implications

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

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

Summary of the Material Terms of the Contractual Arrangements

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

(1) Exclusive Management Consultancy and Business Cooperation Agreement

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

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

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

(2) Exclusive Call Option Agreement

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

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

(3) Equity Pledge Agreement

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

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

(4) Powers of Attorney

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

(5) Shareholders' Undertaking

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

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

Business Activities of Consolidated Affiliated Entities

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

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

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

	The Importance and Financial Contribution to the Group		
	Income For the year ended 31 August 2021	**Net profit For the year ended 31 August 2021**	**Total assets For the year ended 31 August 2021**
The importance and financial contribution to the Group	80.02%	14.66%	76.47%

Income and Assets Involved in the Contractual Arrangements

The following table sets forth the (i) income; and (ii) the total assets involved in the consolidated affiliated entities for the year ended 31 August 2021, which will be consolidated into the Group's financial statements in accordance with the contractual arrangements:

	Income RMB million	**Assets RMB million**
Consolidated Affiliated Entities	1,860	15,194

Governing Framework

(1) Higher education

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

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

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

(2) Plan to comply with the Qualification Requirement

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

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

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

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

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

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

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

(3) Foreign Investment Law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our independent non-executive Directors have reviewed the contractual arrangements and confirmed for the year ended 31 August 2021, that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the contractual arrangements, (ii) no dividends or other distributions have been made by our consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the consolidated affiliated entities during the relevant financial period are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of the Shareholders as a whole.

The Board has reviewed the overall performance and compliance of the contractual arrangements for the year ended 31 August 2021.

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

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

Material Changes

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

Unwind the Contractual Arrangements

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

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

As of 31 August 2021, the total area of land used by our schools which had not obtained the land use right certificates and has not paid the land transfer fee decreased as compared with the previous year.

As of 31 August 2021, 37.6% of the total housing area of our schools had not yet obtained the building ownership certificates, primarily due to the lack of construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and acceptance inspection upon completion (竣工驗收), having not passed fire control assessment and/or environmental protection inspection assessment as required under relevant PRC laws and regulations. We have implemented extensive and comprehensive measures to rectify the above defects in our owned buildings and buildings under construction. We are in the process of applying to relevant government authorities for the relevant outstanding certificates and permits and are closely following up with the government authorities with respect to our applications.

In addition, as of 31 August 2021, some of our schools did not fully meet the regulatory requirements in terms of the teaching and administrative building area per student or the site area per student.

As of 31 August 2021, we were not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us with respect to the defects of the properties mentioned above. The Directors are of the view that the defects of our owned properties above will not have any significant and adverse effect on our operations and financial conditions as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 August 2021 are presented in Note 36 to the consolidated financial statements. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

NON-COMPETE UNDERTAKING

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

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

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

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

REMUNERATION POLICIES AND DIRECTORS' REMUNERATION

As of 31 August 2021, the Group had approximately 10,028 faculty members. Employee compensation includes salary, bonus and stock option schemes. The Group provides pre-employment training for new teachers to help new teachers integrate into the teaching staff faster and better. The remuneration packages of the Group's employees are determined by reference to individual qualifications, experience, performance, contribution to the Group and current market standards. In accordance with PRC laws and regulations, the Group participates in employee social security schemes managed by local governments for employees, including housing, pensions, medical insurance, maternity insurance and unemployment insurance.

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

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

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 8 and Note 9 respectively, to the consolidated financial statements in this annual report. None of the Directors has waived any remunerations for the year ended 31 August 2021.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

FINANCIAL SUMMARY

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

USE OF PROCEEDS

(1) Use of Proceeds from the Listing

The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately RMB2,704.86 million. As at 31 August 2021, the Group utilised all of the net proceeds from the Listing in accordance with the allocation set out in the Prospectus.

The following sets forth a summary of the utilisation of the net proceeds:

Use	% of total	Net proceeds (in millions of RMB)	Amount utilised (as at 31 August 2021) (in millions of RMB)	Amount unutilised (as at 31 August 2021) (in millions of RMB)
Used to acquire higher education schools and establish new campuses for the acquired schools	40%	1,081.94	1,081.94	–
Used to construct new buildings for education purposes	30%	811.46	811.46	–
Used to repay bank loans and other borrowings	20%	540.97	540.97	–
Used for working capital and general corporate purposes	10%	270.49	270.49	–
Total	100%	2,704.86	2,704.86	–

(2) Use of Proceeds from Placing of New Shares under General Mandate

On 6 August 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to issue, and the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best efforts basis, not less than six placees to subscribe for a total of 465,000,000 Placing Shares at a Placing Price of HK$2.55 per Placing Share.

On 13 August 2020, all the conditions set out in the Placing Agreement have been fulfilled. The gross proceeds from the Placing were approximately HK$1,185.75 million. The Company intended to apply the net proceeds from the Placing primarily for acquisitions of schools in the PRC, construction and development of the Company's schools in the PRC and general corporate purpose as to:

(a) approximately 70% to 80% of the net proceeds would be utilised to further extend the education network of the Company and to seek more opportunities for expansion; and

(b) approximately 20% to 30% of the net proceeds would be utilised to further enhance the level of operating the existing colleges and universities, improve the conditions of hardware and increase the investment of practical equipment.

For details, please refer to the announcements of the Company dated 6 August 2020 and 13 August 2020.

As at 31 August 2021, the gross proceeds from the Placing of the Company amounted to approximately HK$1,185.75 million, which was fully utilised.

(3) Use of Proceeds from Convertible Bonds and Placing of New Shares

On 22 February 2021, the Company (as guarantor) and the Issuer (a wholly-owned subsidiary of the Company) have entered into the CB Subscription Agreement with the Manager. The Manager has conditionally agreed subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer in the aggregate principal amount of US$350,000,000. Based on the initial Conversion Price of HK$3.85 and the Fixed Exchange Rate and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 704,827,272 Shares.

On 22 February 2021 (after trading hours), the Company, the Seller and the Manager entered into the Placing and Subscription Agreement, pursuant to which the Seller has agreed to sell, and the Manager has agreed to act as the agent for the Seller to procure placees, on a best effort basis, to subscribe for 680,000,000 Placing Shares at the Placing Price of HK$2.80 per Placing Share.

The Company intended to use the estimated net proceeds of the Bonds and the Subscription primarily for business expansion, working capital needs and for general corporate purposes. In particular, the Company intended to use part of the net proceeds from the Subscription for potential acquisitions of new schools.

The net proceeds from the above convertible bonds and placing of new shares amounted to approximately RMB3,803.77 million. For details, please refer to the announcement of the Company dated 23 February 2021.

As at 31 August 2021, the Group utilised the proceeds from the convertible bonds and placing of new shares of RMB2,423.63 million in accordance with the use set out in the announcement.

TAX CONCESSION AND EXEMPTION

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

DIRECTORS' PERMITTED INDEMNITY PROVISION

According to the Memorandum and Articles of Association of the Company, each Director, auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or suffered by him as the Director, auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is discharged. During the year ended 31 August 2021, the Company has maintained appropriate liability insurance for directors and the management of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

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

By order of the Board
Hope Education Group Co., Ltd.
Chairman
Xu Changjun

Hong Kong, 29 November 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

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

THE BOARD

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

Executive Directors

Mr. Xu Changjun (徐昌俊) (Chairman, member of the Strategy and Development Committee)
Mr. Wang Huiwu (汪輝武) (Chief Executive Officer, chairman of the Strategy and Development Committee, member of the Nomination and Remuneration Committee)
Mr. Li Tao (李濤) (member of the Strategy and Development Committee)

Non-executive Directors

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

Independent Non-executive Directors

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

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

DELEGATION BY THE BOARD

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

As the 2020 Annual General Meeting of the Company was convened on 29 January 2021 and directors were re-elected in the meeting, the re-election of directors for the year 2021 will be proceeded in the forthcoming annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BOARD DIVERSITY POLICY

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

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

DIRECTORS' AND SENIOR MANAGEMENT'S INSURANCE

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

BOARD MEETINGS

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

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

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

For the year ended 31 August 2021, 7 Board meetings and 2 general meetings were held and the attendance of each Director at these meetings is set out in the table below:

	Number of Board meetings attended/held	Number of general meetings attended/held
Name of Directors		
Executive Directors		
Mr. Xu Changjun	7/7	2/2
Mr. Wang Huiwu	7/7	1/2
Mr. Li Tao	7/7	0/2
Non-executive Directors		
Mr. Tang Jianyuan	7/7	1/2
Mr. Lu Zhichao	7/7	1/2
Mr. Wang Degen (resigned on 24 June 2021)	7/7	1/2
Mr. He Shengli (appointed on 24 June 2021)	0/0	0/0
Independent non-executive Directors		
Mr. Zhang Jin	7/7	0/2
Mr. Chen Yunhua	7/7	0/2
Dr. Gao Hao	6/7	0/2

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are as follows:

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

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

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

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

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

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

      (i) any changes in accounting policies and practices;

      (ii) major judgmental areas;

      (iii) significant adjustments resulting from audit;

      (iv) the going concern assumptions and any qualifications;

      (v) compliance with accounting standards; and

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

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

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

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

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

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

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

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

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

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

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

The audited financial results of the Group for the eight months ended 31 August 2020 and the audited financial results for the year ended 31 August 2021 have been reviewed by the Audit Committee, and the Audit Committee considers that the relevant financial statements have been prepared in accordance with applicable accounting standards and requirements and have made adequate disclosures. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and the selection and appointment of external auditors. In addition, the Audit Committee has reviewed the Group's internal controls and has monitored the Group's risk management and internal control systems.

For the year ended 31 August 2021, 3 meetings of the Audit Committee were held and the attendance of each member at the meeting is set out in the table below:

Name of Members	**Number of Audit Committee meetings attended/held**
Non-executive Directors	
Mr. Tang Jianyuan	3/3
Mr. Lu Zhichao	3/3
Independent Non-executive Directors	
Mr. Zhang Jin	3/3
Mr. Chen Yunhua	3/3
Dr. Gao Hao	2/3

NOMINATION AND REMUNERATION COMMITTEE

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

The composition and written terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of the CG Code. the Company held 1 meeting of the Nomination and Remuneration Committee during the year ended 31 August 2021, and the attendance of each member at the meeting is set out in the table below:

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

DIRECTOR NOMINATION POLICY

Procedure for Nomination of Directors

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

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

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

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

5. Conduct verification on information provided by the candidate.

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

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

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

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

1. Reputation.

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

3. Time available.

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

Mr. He Shengli was appointed as a non-executive Director on 24 June 2021.

STRATEGY AND DEVELOPMENT COMMITTEE

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

During the year ended 31 August 2021, 1 meeting of the Strategy and Development Committee was held and the attendance of each member at the meeting is set out in the table below:

Name of Members	Number of Strategy and Development Committee meetings attended/held
Executive Directors	
Mr. Wang Huiwu	1/1
Mr. Xu Changjun	1/1
Mr. Li Tao	1/1
Non-executive Directors	
Mr. Wang Degen (resigned on 24 June 2021)	0/0
Mr. Lu Zhichao	1/1
Mr. He Shengli (appointed on 24 June 2021)	1/1

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the remuneration paid or payable to the Directors for the year ended 31 August 2021 are set out in Note 8 to the consolidated financial statements.

The remuneration paid or payable to the members of the senior management for the year ended 31 August 2021, the biographies of which are included in the section headed "Directors and Senior Management" of this annual report, are in the following ranges:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

On 14 July 2018, the Company adopted the Model Code as the Group's code of conduct governing the dealings in the securities by the directors and relevant employees. Upon specific enquiry, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 August 2021.

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

The Company periodically organises training courses for the Directors, senior management and staff, to develop and refresh their knowledge in areas related to their daily duties and the Group's business growth in a changing economic environment. For the year ended 31 August 2021, the Company's external legal advisor has provided training courses to all Directors on a wide range of topics, including the duties and responsibilities of the directors under the Listing Rules, the laws applicable to the Company, the Company's continuing compliance obligations, the disclosure requirements of price-sensitive information and directors' reporting responsibility under the Listing Rules and the Securities and Futures Ordinance, and the discloseable and connected transactions of listed companies. The Company also organised training courses with internal consultants with expertise in internal control and risk management as well as environmental, social and governance reporting. The executive Directors, senior management, financial department personnel and relevant personnel from operation and management departments participated in these training courses.

DIRECTORS' ACKNOWLEDGEMENT

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

The Directors have acknowledged their responsibilities for preparing the financial statements for the year ended 31 August 2021. The management provides the Board with the necessary explanations and information so that the Board can make an informed assessment and approve the financial and other information submitted to it. The Company provides monthly updates to the Board in relation to the latest information on the Company's performance, status and prospects.

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

A statement by the Company's auditor on its reporting responsibilities to the Company's financial statements is set out in page 127 to page 134 of the Independent Auditor's Report in this annual report.

AUDITORS' REMUNERATION

For the year ended 31 August 2021, the professional fees paid or payable by the Group to Ernst & Young, the Company's auditor for the audit and non-audit services were as follows:

	RMB'000
Audit services	8,850
Non-audit services	1,100

JOINT COMPANY SECRETARIES

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

Ms. Leung and Mr. Huang have received no less than 15 hours of training on corporate governance and other aspects during the year ended 31 August 2021. The main contact person of Ms. Leung Wing Han Sharon in the Company is Mr. Huang Zhongcai, one of the joint company secretaries of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

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

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

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

During the year ended 31 August 2021, the Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group and considered the systems to be effective. Such review covered aspects including financial, operational and compliance controls and risk management functions. The Board will conduct a review on the effectiveness of that year's internal control and risk management systems of the Group at least once in each financial year. The Board will also continually evaluate the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

SHAREHOLDERS' GENERAL MEETINGS

For the year ended 31 August 2021, the Company has held 2 general meetings. The Company will hold its annual general meeting on 18 February 2022. A notice of annual general meeting and a circular containing further details of the matters to be considered at the meeting, together with this annual report, will be sent to the Shareholders in due course.

SHAREHOLDERS' RIGHTS

Nominate a Person for Election as a Director

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

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

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

CONVENE AN EXTRAORDINARY GENERAL MEETING

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

SUBMIT A PROPOSAL AT GENERAL MEETINGS

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

SEND ENQUIRIES TO THE BOARD

Shareholders may send any of comments or enquiries by e-mails (ir@hopeedu.com) to the Board or by post to the Hong Kong office of the Company.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

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

ESG REPORT

ABOUT THE REPORT

Summary

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

Basis of Preparation

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

Scope of Reporting

The materials published and statistically reported in the report are from 1 September 2020 to 31 August 2021. To enhance the completeness and the ability of comparison, part of the content of this report covers the information of previous years.

Data Sources and Reliability Guarantee

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

Access of the Report

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

Contact Information

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

STATEMENT FROM THE BOARD

The Board of Hope Education Group attaches great importance to sustainable development performance and fully recognizes the Board's responsibility to monitor and promote ESG performance, and establishes its ESG governance structure. The Board caused the formal establishment of an ESG panel to assist it in formulating the Company's ESG-related strategies and overseeing the implementation of ESG initiatives, so as to ensure that risks in all ESG areas are covered and properly managed. We hold regular internal and external events to communicate closely with stakeholders, identify and evaluate important ESG issues, and discuss and address such issues at Board meetings. The Board will consider the work report of the ESG panel, fully discuss and identify the environmental, social and corporate governance risks and opportunities in the context of the external macro environment and the Company's development strategies, and take the management and improvement of key issues as the annual strategic task for sustainable development. In 2021, the Board has urged all responsible departments to take the initiative in achieving environmental goals and dealing with climate change. In particular, to reduce fuel consumption and carbon dioxide emissions, the Company has replaced all company vehicles with new energy ones, so that energy conservation and emission reduction are realized in the Company's operations and ordinary course of business. In addition, we will regularly review domestic and international sustainability trends and continue to increase our investment in sustainable development.

This report discloses the details of progress and effectiveness of ESG work of Hope Education Group in 2021, which was submitted by the Office of the Board for consideration and approval at the 2021 meeting of the Board on 29 November 2021.

RESPONSIBILITY MANAGEMENT

Responsibility Philosophy

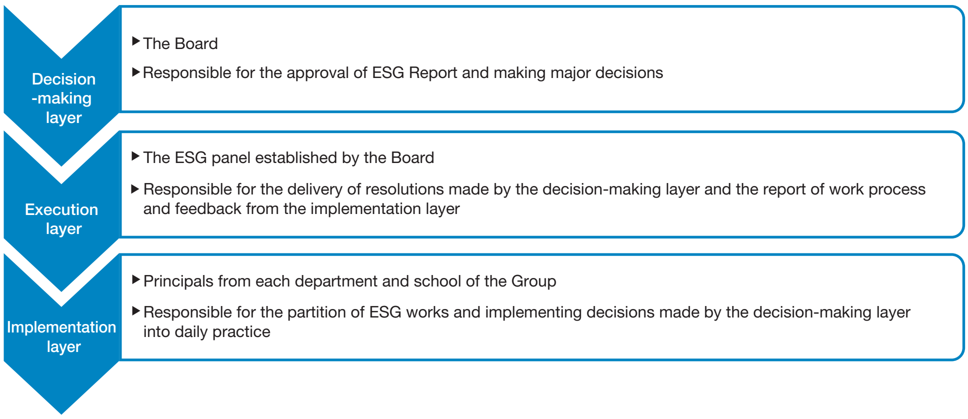
Hope Education has always focused on higher vocational education and establishment of applied colleges, fulfils the fundamental mission of fostering character and civic virtue, adheres to our fundamental educational philosophy of "happy learning, happy living and happy working", and steadfastly establishing itself as an education enterprise which boasts excellent teaching and learning, strong logistic support and caring employment services, as the Group works tirelessly towards realizing the vision of "building the top brand of private higher education in China".

The Group abides by professional ethics and safeguards its teaching quality while building and constantly improving a centralized management system with expert management, advocating problem management and implementation of assessment management at its core, so as to integrate compliance in operation and sustainable development to all aspects of the corporation.

The system mainly adopts a management approach combining experts and schools, in which resources are shared among schools while responsibilities are delegated to various department, and the senior management conducts comprehensive supervision and assessment of the implementation of different measures and compliance of laws and regulations in relation to school operations.

Responsibility Management

In addition to cultivating its education business, Hope Education also actively promotes low-carbon economic development. The Group undertakes environmental, social and governance responsibilities proactively, and progressively integrates ideas of sustainable development into the corporate's daily operation and strategic planning through a top-down ESG governance system in response to the national appeal in order to create sustainable values for society.



ESG Governance Framework of Hope Education

Hope Education has now established an ESG governance framework with the Board as the leadership, the ESG working group as the connector, and principals from each department and school as practitioners, who join forces to put ESG work into practice under mutual supervision. Going forward, the Group will continue to optimize the framework by enhancing the layers' compatibility and participation, and make a concerted effort to improve the control efficiency of ESG.

Communication with Stakeholders

Hope Education Group commits to create long-lasting value to its stakeholders, including investors/shareholders, teachers/employees, students/parents, government and regulatory institutes, suppliers/partners and community public, etc. The Group adheres to actively communicate with stakeholders to understand their demands and expectation. It is committed to safeguard the interest of stakeholders through improving the communication mechanism with stakeholders by establishing multiple communication channels.

Table of Stakeholder Communication Methods of Hope Education

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

Materiality Issue Management

Hope Education endeavours to construct a long-lasting, stable and amicable relationship with its stakeholders with mutual trust in order to realize win-win results and achieve maximization of shared values. In 2021, with reference to the Environmental, Social and Governance Reporting Guide of the Stock Exchange, the Group conducted surveys and research on proposals that influence decision making on dimensions such as teaching and environment in accordance with opinions collected from stakeholders by means of anonymous questionnaires and interviews. After consolidating the results of the surveys, the Group identified and screened for potential issues, taking into account the analyses and proposals of the management, internal and external experts, media consultancy, as well as the current situation of the corporation and industry.

During the Reporting Period, the Group identified a total of 26 important issues, and plotted them on the materiality matrix in accordance with the two dimensions of "importance to corporation" and "importance to stakeholders". The matrix will become a significant basis and guide for the corporation's adjustments to ESG strategies and disclosures in reports in the future.

Materiality Analysis Matrix on ESG Issues

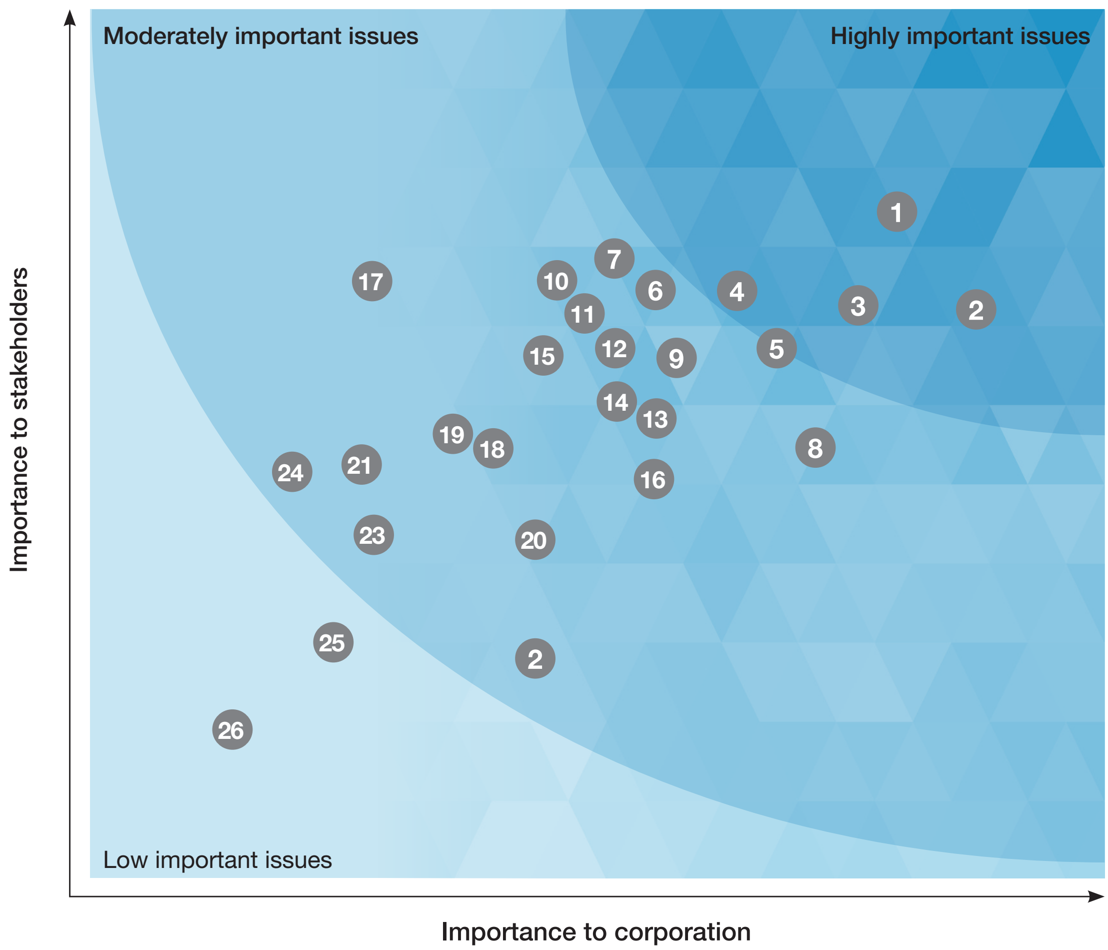


Figure of Materiality Matrix on Hope Education's ESG Issues

Table of Hope Education's ESG Important Issues

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

OPERATIONAL RESPONSIBILITY

Education serves as the foundation for long-term development of a nation and its people. Hope Education always adheres to the corporation spirits of "gratefulness, optimism, rigor and responsibility", and implements the education management idea of "Four Centers and Five Satisfactions" in all campuses, such that it continues to actively explore the development path of private education that is rich in characteristics of Hope Education and enhances the Group's quality of operation on the premise of guaranteeing its quality of education.

Anti-corruption

The Group always regards "the continuous endeavor of teaching and nurturing, and the persistent awareness of anti-corruption" as the basic principles of teachers for their works. The Group has also formulated the Employee Handbook (《員工手冊》) based its actual needs, stating that the Group holds zero-tolerance attitude to corrupt conducts, such as bribery in any form, extortion, fraud and money laundering in order to check the behaviour of its employees.

Upholding the management philosophy of "equal emphasis on education and supervision systems with an established good anti-corruption, punishment and prevention system" (《涉經費收支合同基本規範》), the Group has formulated the "Basic Regulation of Contracts Involving Balance of Funding" to regulate the process of entering into and approval of contracts with the aim of controlling economic risks effectively. Meanwhile, to enhance the anti-corruption awareness of its staff, the Group has been putting efforts on anti-corruption publicity and education, for example, a training called "The Prevention of Official Crime and its Popularization – To Build A Better Life Under the Constraints of Law" (《員工職務犯罪預防與普及－在法律的約束下讓人生更美好)》has been held and staff education meetings have been organized for teachers in all campuses. Through these activities, the Group aims to improve its progress in anti-corruption propaganda, intensify anti-corruption publicity, and make unremitting efforts to consolidate the integrity in corporate environment.

In the aspect of external management, the Group has been committed to enhancing the market competitiveness of both parties and completely eradicating "unhealthy phenomena". Through signing Corruption-free Agreements (《廉潔協議》) with its suppliers, voluntarily accepting suppliers' monitoring and other measures, the Group eliminates the occurrence of improper acts, such as commercial bribery. There is no material litigation arising from corrupt conducts, such as bribery, extortion, fraud and money laundering that threatens the Group during the Reporting Period.

Privacy Protection for Students and Parents

Hope Education attaches great importance to protecting the privacy of students and parents. The Group enters into Confidentiality Agreement (《保密協議》) with the staff involved in student privacy and information security in all campuses, and has established a comprehensive school roll and academic credentials management system. In addition, the Group has formulated the School Roll and Academic Credentials Administrative Measures《 (學籍學歷管理辦法》) according to relevant requirements of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Regulations on the Management of Students in Regular Colleges and Universities (《普通高等學校學生管理規定》) and the Measures for the Administration of Full-time Regular College Students' School Roll (《全日制普通高等學校學生學籍管理辦法》), which clearly stipulates that it is not allowed to provide relevant information on students' school roll without the consent of the person in charge of the academic affairs, except normal work requirements of relevant posts. The Group has not received any actual complaints on infringing privacy of students and parents during the Reporting Period.

Intellectual Property Protection

Innovation is the major driving force for development. For a long time, the Group has been strictly regulating and managing the intellectual property rights, including patents, copyright and trademark. It insists on purchasing authorized textbooks and relevant reference books. At the same time, it also protects the Group's brand and goodwill image through various means, such as dynamic monitoring, investigation, complaint and advice and litigation. The Group also set about enhancing staff's understanding of the significance of intellectual property protection and strengthened intellectual property protection, providing solid protection for thoroughly implementing its new development ideas, constructing a new development layout and driving high-quality development.

EDUCATIONAL RESPONSIBILITY

Focusing on the education industry, the Group regards providing the society with better higher education resources as its mission and task, and comes up with several educational concepts such as "student-centered and employment-oriented school", "teacher-centered and quality-oriented education", "student and teacher-centered and service-oriented management" and "cultivation-centered and highlight-oriented promotion". Education is empowered by improving quality of education and unleashing students' potential to provide students with education solutions which cater for modernization and integration of services and education.

Education Quality Improvement

The Group firmly believes that teaching quality is the foothold for sustainable development of a higher education institution. The Group regards improvement in teaching quality as a priority in higher vocational education. Embarking on incorporating education and services, the Group incessantly assesses and improves teaching quality, and builds a rigorous quality assurance system, playing an important role in formulating featured majors, enhancing education quality and nurturing skilled talents. Meanwhile, the Group actively organizes professional training for teachers in various colleges and launches different types of teaching activities and practical skill competitions, which facilitates improvement of overall teaching quality and has been proven effective in generating results.

To further fulfil the Group's requirements for strengthening its connotation construction and promote standardized and institutionalized management, the Group formulated the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on Online Teaching (《希望教育集團院校線上教學評估考核指標體系》), and revised and fine-tuned Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on School Operation (《希望教育集團所屬院校辦學評估考核辦法及指標體系》)to facilitate the standardized management of colleges and universities, improve quality of education and teaching, and enhance the standard of operating schools.

Table of accolades obtained by teachers of Hope Education in 2021 (extract)

Level of Award	Title of Award
National	The 11th MATHORCUP College Mathematical Modeling Challenge – one for each of the first prize, the second prize and the third prize
National	Foreign Language Teaching and Research Press "Star of Teaching" Contest (National Semi-finals) 2021 – the first prize in English (college) category, the second prize in English (professional) category, the second prize in English (higher vocational) category
National	The 5th National Youth Cup Art and Design Competition (the teacher category) – the first prize
Provincial	Individual awards for Poverty Alleviation Through Education Project
Provincial	The first Basic and Professional Techniques Demonstration by College Art Teachers in Sichuan Province – 1 first prize, 2 second prizes, 1 third prize
Provincial	Vocal Music (Bel Canto) Category at Sichuan Trials for the 13th Chinese Golden Bell Award for Music – the second prize
Provincial	Vocational School Teachers Teaching Contest of Sichuan Province 2021 – 15 third prizes
Provincial	Demonstration of Teaching Abilities in Public Safety Education by Outstanding College Teachers in Jiangxi Province – second grade on provincial level

To further fulfil the Group's requirements for strengthening its connotation construction and promote standardized and institutionalized management, the Group formulated the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on Online Teaching (《希望教育集團院校線上教學評估考核指標體系》), and revised and fine-tuned Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on School Operation (《希望教育集團所屬院校辦學評估考核辦法及指標體系》) to facilitate the standardized management of colleges and universities, improve quality of education and teaching, and enhance the level of operating schools.

In 2021, under the ongoing impacts of the COVID-19 pandemic, routine pandemic prevention and control and safeguarding health and safety of teachers and students became another primary focus. The Group upheld the principle of "ideology staying vigilant, systems remaining unchanged and personnel staying disciplined" and followed the requirements of "guarding against import of, rebound in, and sudden occurrence of cases and slacking", oversaw and instructed the colleges and universities to further refine the pandemic prevention and control systems, and proactively integrate the schools' resources to launch online teaching extensively. During the Reporting Period, the Group requested each college to develop 5 to 10 online courses on such basis, which gradually formed a pool of online teaching resources on the Group level. The emergence of high-quality online programme offers students a platform for both online and offline learning, and continuously enhances quality of education of the Group's institutions.

Enrich Educational Resources

In order to meet the requirements of enhancing the quality of vocational education and nurturing skilled talents, Hope Education Group fully integrates its own educational resource advantages with related industry resources to promote establishment of the "industry and education integration" platform. The schools of the Group established a professional collaboration system to achieve sharing in talents and equipment and resources, especially the cooperation and sharing in training of students for competitions.

While the Group pays close attention to teaching quality, it also places great importance on competitions. During the year, Southwest Jiaotong University Hope College was awarded a national first prize at the Contemporary Undergraduate Mathematical Contest in Modeling (全國大學生數學建模競賽) (undergraduate category), and was the only independent college in the PRC to receive a national first prize. The schools developed a pyramid-like training system through ongoing exploration and practice to conduct centralized training in phases throughout the year, mainly for the participation in three nationally and internationally renowned mathematical modeling contests, including the May Day Mathematical Contest in Modeling (五一數學建模聯賽) and the Contemporary Undergraduate Mathematical Contest in Modeling (全國大學生數學建模競賽). As the contests involve a range of professional knowledge, students can enhance their capabilities in applying integrated knowledge in the course of their participation which is beneficial to breaking boundaries among fields of study, enriching education resources and fostering effective integration of talents and resources. Trainings in informatized teaching abilities were organized for teachers, mutual assistance activities such as "mentoring and pairing up" and "poverty relief by online teaching" were launched on a large scale, while online teaching research actively commenced and a number of research topics on online teaching were reported, so that teachers' informatized teaching standards were effectively enhanced.

To improve matching of talent cultivation and social demands and to further enrich the educational resources, continuously deepening school-enterprise cooperation, complementing advantages and sharing resources to cultivate skilled talents who suit society's needs and facilitate integrated industry-education-research development in schools and enterprises, exploration in reforming the talent cultivation model in rail transport-related majors have commenced, and school-enterprise cooperation with Chengdu Metro Operation Co., Ltd. (成都地鐵運營有限公司) was approved. In 2021, the safety management profession-oriented nurturing class newly established by Hope College and China Railway No.8 Engineering Group Co., Ltd. (中鐵八局集團有限公司) has been conducting trainings in the school, thereby satisfying enterprises' needs for professional talents while realizing high-quality employment for graduates, achieving mutual beneficial development for the school and enterprises. It facilitates integrated industry-education-research development in schools and enterprises, which in turn contributes to sustainable development of the society's economy and constructs an ecological circle of school-enterprise value.

Students' Potential Stimulation

With a view to fostering knowledge-based, skillful and creative talents and enhancing students' innovation, pioneering spirit and team spirit, the Group has established the concept of "promoting learning, teaching and development via competition". The Group formulated and issued the Guiding Opinions on Encouraging Schools under the Group to Organize All Types of Competitions (《關於鼓勵集團院校開展各類競賽活動的指導意見》) and the Incentive Measures for Schools under the Group to Organize All Types of Competitions (《關於集團院校開展各類競賽活動獎勵辦法》) to encourage teachers and students in all schools to actively organize skill competitions. The standard on how the Group rewards the prize winners were regulated, and taking into account the schools' operation characteristics and the actual circumstances, attention is given to high-quality student events with distinguished features, immense influence, wide participation and substantial effects on improving quality of talent cultivation. To motivate teachers to actively and creatively leading students to participate in the reform, establishment and management in school teaching, the Group has formulated the Notice on Assessment of Launching the First Batch of Featured Majors and Quality Programmes in Schools under the Group (《關於開展集團高校首批特色專業和精品課程立項評審工作的通知》), to encourage teachers and students from the schools of the Group to take part in the assessment of the first batch of featured majors and quality programmes, which would in turn stimulate the activeness and creativity of students.

School-enterprise cooperation

During the Reporting Period, students at schools under the Group won numerous international, national and provincial awards, displaying the positivity of youth in the new age and the significant achievements made in the colleges' efforts to enhance students' overall quality and cultivate their talents.

Table of accolades obtained by students of Hope Education in 2021 (extract)

Level of Award	Title of Award
International	The 2nd "The Heartbeat of Macau" Community Tour Creative Competition – Outstanding Award
International	"Generation Equality" Comic and Cartoon Competition – Individual Honours Award
International	International Cartoon Competition & Exhibition on Road Safety Malaysia 2021 – 1 participation
International	The 4th International Caricature Competition on Road Safety Russia 2021 – 1 participation
National	The 11th MATHORCUP College Mathematical Modeling Challenge – the first, the second and the third prizes
National	The 9th National College Digital Art & Design Awards – the second prize in the individual category, the third prize in the national group category
National	China (Zhejiang) Ethnic Costume Design Exhibition – Top 10 Designer
National	The 17th China International Cartoon & Animation Festival "China Cosplay Super Show" (Ningxia) – the first place in the team category
National	The 14th "College Cup" National Computer-aided Design and Product Information Modeling and Innovation Competition for College Students – the third prize in the team category and the third prize in the individual all-round category
National	Kingdee Cloud Management and Innovation Cup Internet + Management Application Competition – 1 second prize in national finals, 1 first prize in regional competition
National	The 5th National Environmental Protection Knowledge Contest for College Students – Distinction Award
National	National Digital and Intelligent Enterprise Operation Sandbox Competition for College Students – the third prize
Provincial	The 13th National Advertising Art Design Competition for College Students – 5 Distinction Awards
Provincial	The 12th Lanqiao Cup National Software and Information Technology Professional Talent Competition C/C++ Program Design (the college category) – 1 third prize in the national competition, 1 first prize and 3 third prizes in the provincial competition
Provincial	Professional Skills (Vocal Performance) Category at Sichuan Competition for Skills of Vocational Education 2021 – the second prize and the third prize
Provincial	Guizhou Province Athletics Tournament for College and Secondary School Students (men's A grade) – the champion in 400m final, the first runner-up in 200m final
Provincial	The 13th National Zhou Peiyuan Mechanics Competition for College Students (individual competition) – Distinction Award
Provincial	The 16th Jiangxi Province Computer Invention Competition for College Students – 2 special prizes, 1 first prize, 2 second prizes, 6 third prizes

Provincial	The 13th National Advertising Art Design Competition for College Students – Distinction Awards
Provincial	Leishen Cup ACL National High School Esports Masters – the champion
Provincial	National Finals of Shanghai Foreign Language Education Press "Cidaren Cup" English Vocabulary Competition for College Students (the undergraduate category) – the special prize, the first prize, the second prize, the third prize

Community's Satisfaction

Hope Education Group is devoted to nurturing students and enhancing satisfaction of teachers and students. The Group improves social satisfaction by fulfilling the educational philosophy of "Four Satisfactions", implementing normalization of theoretical learning, building research and training platforms and promoting the Construction of core members of students affairs team, advancing the progress of labour education and continuously promoting employment of graduates, enabling the Group to specialize management of student affairs, fortify its teaching team and boost the quality of its talents, resulting in rich campus culture which shapes a good image of the schools.

By adhering to the principles of "multi-pronged progress, prompt communication, complementary information and efficiency first", the Group has set up various feedback channels for students and their parents and continuously improve its prompt problem tackling mechanism. Students and their parents may give their feedback or suggestions to the Group through various online and offline channels, including Weibo, WeChat or giving direct feedback to the president. The Group will swiftly respond and classify the problems upon receipt and distribute them to the responsible campus for handling, and will promptly designate responsible leaders to make rectifications within a time limit. Meanwhile, the Group will track the whole process, coordinate and liaise between the company and departments about of the problems, and verify the handling status in a timely manner, so as to allow students and their parents to give truthful feedbacks promptly and completely, guiding Hope Education's development while further improving their satisfaction. In 2021, the feedback rate of advisory of Hope Education was 100%, the education services provided by us were well-received, and there were no major complaints throughout the year of the Group.

Administrative Logistic Support

The safety of students and teacher is the foundation of sustainable development of Hope Education. Thus, the Group formulates the Logistics Management Measures (《後勤管理辦法》), and establishes a management structure and guidelines on safety issues such as food safety, campus safety, fire safety, medical safety, and requested the logistics department and all employees committed to the satisfaction of teachers and students, ensure the scientific maintenance and well management of teaching and living facilities, strengthens their awareness and prevention of dangerous incidents and performs investigation of hidden dangers of special nodes. The safety drill mechanism is supervised and refined to enhance students' capabilities of coping with emergencies, safeguarding the safety and stability of the campus. During the Reporting Period, the Group has no major campus safety incidents.

Strengthening the Pandemic Prevention

During the year, the Group earnestly implemented the decisions and plans made by the provincial Party committee and provincial government, adamantly overcame ideologies of slacking off, and urged and instructed colleges to further improve for pandemic prevention and control systems by adopting such measures pursuant to the latest regulatory requirements of the locations in which the colleges are operated, as well as optimized management of students after school resumes. The colleges under the Group developed plans for pandemic prevention and control and implemented them to every specific action so as to build a stout defensive line against the pandemic. Meanwhile, emphases were placed on enhancing teachers' and students' political stance and accountability to ensure that they neither believe in nor spread rumours and strictly perform gatekeeping functions, effectively strengthening their capabilities and awareness in handling emergencies.

During the Reporting Period, Yinchuan University of Energy requested students to stay indoors unless necessary, while closed-loop management was applied for those who had to go out for medical reasons. A team for disseminating pandemic prevention and control information was assembled, an information reporting mechanism was set up and a working group on data reporting was established in order to strictly implement a "daily reporting and zero report" system. Various means and channels were used to understand students' thinking and health status and a standing book which tracks students' agenda and health was maintained, attaining "full coverage" of student's statistics and achieving "the designated staff being responsible, the leadership acting as gatekeeper, the data being detailed and accurate, and no one being omitted", thereby ensuring comprehensive, timely, accurate and unimpeded flow of information on preventing and fighting the pandemic to the students, and also the safety and stability of students in campus and under quarantine.

Safeguarding Food Safety

To ensure food safety and its risks are fully controllable, the Group has systemized and standardized the requirements on food safety management and operation, including services standard, servicing process and services appraisal. It strictly abides by the requirements of regulations including the Food Safety Law of the PRC (《中華人民共和國食品安全法》), the Implementation Regulation on Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), Administrative Measures for the Licensing of Catering Services (《餐飲服務許可管理辦法》), the Measures for Supervision and Administration of Food Safety in Catering Services (《餐飲服務食品安全監督管理辦法》), the Code of Practice for Food Safety in Catering Services (《餐飲服務食品安全操作規範》), the Guidelines for Canteen Safety of Higher Education Institutions (《普通高等學院食堂安全工作指南》), and sorts out a series of management system with complete processes:

– Procurement: According to a procurement management system of canteen raw materials, the Group implements a comprehensive control on packaged food with food trade license, qualification license of food inspection or test sheets. It also keeps a book of record of food procurement for inspection;

- Storage: The canteen warehouse is managed by the designated personnel, foods are strictly stored by category according to their characteristics and stored in separate shelves to ensure the freshness. Foods are inspected regularly to check if they are expired, deteriorated or being bitten by insects, and inspect if the containers, tools and equipment for food storage, transportation and handling fulfil food safety standards, and avoid environmental impact on food storage;

- Management on sample: According to a complete food safety tracking system, the type, number and time of food sample preserve are stipulated in detail, and they shall be stored in a designated refrigerator, and the sample shall be registered in accordance to "Registration Form of trial tasting of food sample" (《食品留樣試嚐情況登記表》) by designated personnel, so as to ensure problems, when they arise, can be found, inspected and investigated, and implement the system in action;

- Personnel management: It is clearly stipulated that personnel of canteen under the Group and respective schools shall perform regular medical check-up and they are required to wear work clothing, pre-job health proofs of personnel shall be reviewed. During the pandemic, health conditions of canteen staff are precisely collected, and each canteen are required to conduct comprehensive inspection to the staff for their health condition 14 days before returning to school, body temperature of personnel shall be checked before the morning, afternoon and evening work sessions commence;

- Management of shops: The Group strictly regulates the business scope of stores and supermarkets and requiring them to operate under a full compliance with the requirements in relation to procedures and certificates including, among others, Business License, Tax Registration Certificate, Food Circulation License and Personal Health Certificate, and requires that the supermarkets should have the necessary quality check certificate for the supply of foods and it is prohibited to supply products that are uncertified, dateless and produced by a nameless factory and expired products. Those stores will be subject to severe punishment for their failure to comply with our requirements on food hygiene and safety.

Ensure Campus Safety

The Group adheres to the concept of "people-oriented". It strongly emphasizes safety management of campus in all aspects, and by referencing to the past working experiences, further strengthens the management and control of different aspects, including fire safety, environment safety and equipment safety, and to enhance health and safety concept among students. Through implementing safety prevention and emergency contingency mechanisms, the Group strives to minimize the occurrence of safety incident.

- **Strengthening Fire Safety Guarantee**

The Group requests each school to formulate policies that suit their own needs, such as College Fire Management System(《學院消防管理制度》) and the Fire Control Room Management System (《消防控制室管理制度》), according to national laws and regulations including the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》) and Provisions on the Administration of Fire Safety at Higher Academic Institutions (《高等學校消防安全管理規定》). The Group also requests each unit and department to implement specifically the responsibility system on fire control safety level by level and the post responsibility system on fire control system. Fire safety inspection is carried out each month, special inspection on the fire safety and facility safety on important premises including dormitory, teaching building and training building, in order to assure the fire safety facilities are in place and functional. Fire safety files are being established and amended in order to solve the potential concern of fire, and to prevent the occurrence of fire safety incident.

The Group explicitly requests each school to conduct fire drills in the Fire Extinguishing and Emergency Evacuation Plan (《滅火和應急疏散預案》). Schools also actively invite the local fire services and public security departments to hold talks and fire drills in schools, which comprehensively enhance teachers' and students' quality of fire safety and their abilities to protect and save themselves. In 2021, to establish a long-term mechanism for improving regular management of experimental training rooms, eliminate potential hazards, save costs and facilitate the effective and safe utilization of experimental training rooms, the Group reviewed the self-assessment of 6S experimental training rooms in each school pursuant to the requirements of the Report in relation to Acceptance of 6S Experimental Training Rooms in Colleges under the Group (《關於集團院校 6S 實驗實訓室驗收情況的通報》), and checked practical teaching and quality assurance system of each school in order to carry out rectification step by step with reference to the feedback received.

- **Providing Medical and Health Support**

The hygiene and health works at campus are both the focus of the Group. It complemented the College Public Health Emergency Contingency Plan (《學院突發公共衛生事件應急預案》), the College Infectious Disease Prevention and Control Plan (《學院預防與控制傳染病預案》) and the College Food Poisoning Emergency Contingency Plan (《院校食品中毒應急預案》) in accordance with Emergency Response Measures of the People's Republic of China (《中華人民共和國突發事件應對辦法》) and the Regulation on the Urgent Handling of Public Health Emergencies (《突發公共衛生事件應急條例》). Each college sets up an infirmary stationed by full-time doctors and manages by designated staff in order to strengthen drug management and avoid medical incidents; keeps in touch with local disease prevention and control center, communicates and reports infectious disease prevention and treatment in time, and regularly invites professionals to the school to provide trainings; conducts drills for sudden illness suffered by teachers and students at school to enhance the awareness of precaution among our teachers and students.

- **Attaching Importance to the Healthy Growth of Students**

  The Group's persistence in raising safety awareness is the foundation of reducing danger occurrence from the source. Each school has been actively formulating and implementing the school safety education plan, and nurturing the self-protection awareness by incorporating it into daily teaching. Fire safety drills, earthquake contingency evacuation drills are regularly held each year, while activities such as theme class meetings and safety talks are being held irregularly, so as to combine practical and theoretical knowledge, and ensure that students them address the emergencies calmly. In addition, the Group constantly pays attention to various adverse factors that jeopardize students, such as campus loan, school bully, network safety, AIDS and drugs, and joins hands with the relevant regulatory authorities to clear up and purify the environment of campus through campus bulletin and themed lectures.

- **Joint Inspection for Regular Assessment and Feedback**

  Based on the implementation of Administration Measures, the Group requires each school to conduct assessments and provide feedback. The security management department is required to designate relevant staff to conduct inspection and assessment from time to time, and report the underperformed employees for inquiries and punishment. During the Reporting Period, the Group organized each school to conduct a comprehensive safety inspection, which involved carrying out inspections on fire safety at teaching area and living area, safety of food hygiene, electricity safety at dormitory, and requested each school to regularize safety inspection, in order to carry out safety and hygiene inspection in key areas of each school, and strives to establish a safe and stable campus environment and to practicably protect the interests of teachers and students.

Student Employment

With employment being the most important element in education, the Group has been constantly enforcing the construction of employment team in the higher education institutions, enhancing the professional abilities and teaching standards of the careers consultation team and promoting the quality and quantity of successful employment of its graduates. Guided by the Law for Promoting Private Education (《民辦教育促進法》), the Group formulated the Administrative Measures for Employment (《就業管理辦法》) to integrate student employment and student entrepreneurship.

The Group aims at improving student's employability by adapting to technological advancement in industries. Through school-enterprise cooperation and deepening industry-education integration, the "six-new" knowledge and engineering technicians in enterprises are introduced into schools. It is essential to strengthen employability training so as to boost graduates' competitiveness in employment. In addition, the Group deepens its cooperation with employers and human resources agencies in order to expand employment channels, strengthens the in-depth cooperation between industries and education, and builds two-way selection meetings and other platforms to provide students with high-quality resources and improve graduates' actual employment rate.

Under the continuous impacts of the COVID-19 pandemic, the employment situation in 2021 is still severe. By referencing to their actual studies, each school formulate employment and entrepreneurship services for graduates during pandemic prevention and control period, and actively arranges employment works. Sichuan Hope Automotive Vocational College offers employment guidance courses for all of its students. Teachers specializing in employment guidance are supported by counsellors to provide students with targeted employment guidance, which comprises 32 classes in one semester, on professional image, writing curriculum vitae and interview skills, and required the students to attain a 95% passing rate for the above three aspects. Sichuan TOP IT Vocational Institute organized an internal trial for the third “Good to See You” Higher Education Institution Employment Guidance Contest in Sichuan Province (四川省第三屆“你來就好”高校就業指導大賽校內選拔賽). The contest aims at comprehensively implementing the spirit of the documents in relation to facilitating college students’ employment issued by the State and Sichuan Province, continuously enhancing professionalism of employment guidance teachers in higher education institutions, implementing and practically completing “stabilizing and supporting employment” tasks and making effort to encourage graduates to realize better and more adequate employment.

SOCIAL RESPONSIBILITY

Staff Development

Protection of Staff’s Interests

Hope Education upholds a people-oriented philosophy and considers its staff as the most valuable asset. On the basis of laws and regulations applicable to locations where it operates, including the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Regulation on Work Injury Insurance (《工傷保險條例》), the Group formulated internal regulations such as the Administrative Measures on Labor Contracts and Social Insurance (《勞動合同和社會保險管理辦法》), the Administrative Measures on Employee Recruitment (《員工招聘管理辦法》), the Headquarters Administrative Measures on Remuneration (《總部薪酬管理辦法》) and the Staff Welfare System (《員工福利制度》) to provide institutional guarantee for safeguarding employees’ basic rights and the establishment of an equal and diverse employment system.

During the process of recruitment and employment, the Group persists in creating fair employment opportunities for all staff and explicitly forbids discrimination and destructive competition in any form. We also strictly scrutinize background and identity information of employees and resolutely prohibit the employment of child labor and forced labor. Should we detect such behavior, it shall be handled immediately in a serious manner according to the relevant regulations. In regard to employment, the Group strives to build a competitive remuneration and benefits system in an effort to prevent brain drain. The Group adheres to a fair, competitive and incentivizing principle, strictly regulates its remuneration management system, makes contributions to basic protection funds such as pensions, medical care, work-related injuries, maternity, unemployment or commercial accident insurances and housing provident fund for its employees, with a view to boosting staff’s well-being towards the enterprise. The entering into labor contracts, contribution to social insurance and regular health checks have currently expanded to all schools under Hope Education. As of the end of the Reporting Period, the total number of employees in the Group was 10,028, among which female employees accounted for 62% and the turnover rate of employees was 8%; employees under 30 years old accounted for 47%, employees aged 30-50 accounted for 42%, and employees aged 50 or above accounted for 10%. The average training time for all employees was 24.3 hours. During the Reporting Period, in strict compliance with relevant national and local laws and regulations, the Group did not have any labor dispute litigation.

Unimpeded Development Channels

Hope Education firmly believes that a high-quality teaching team is the key to preserving the core competitiveness of the enterprise. The Group is committed to establishing an equal and fair promotion system, and developed and refined the Administrative Measures on Performance Incentives and Assessment of School Operations (《院校業務工作激勵考核管理方法》) on the basis of positions' developmental requirements and the growth pattern and characteristics of different kinds of talents, in order to link up work content with performance assessment, which incentivize staff to advance continuously and fulfil personal values.

The Group actively plans the career paths of our employees and insists on discovering and cultivating high-caliber talents. The Group encourages to constantly enrich themselves, and choose their career paths according to their personal interests, positions and actual circumstances. We will make reference to employees' personal work performance, results and annual appraisals to select qualified candidates for promotion from the staff establishment and appropriately raise their pay to achieve the goal of "making the most of talents and allowing employees to demonstrate their strengths". The Group also includes assessment of teachers' titles in the talent scheme, and encourages teachers to apply for senior titles to lay the foundation for the output of high caliber students. During the Reporting Period, the Group coordinated five colleges in Sichuan to carry out titles assessment, and formed an assessment committee comprising experts from those five colleges and other higher education institutions to conduct final assessment of teachers who applied for senior titles.

Enhancement of Teacher's Ability

Hope Education highly concerns about the cultivation of professionalism and abilities in management, cooperation and execution, and has established and continuously improved an internal training mechanism to fully support talent development and enhance teachers' qualities and teaching standards on the whole. On such foundation, the Group has laid down internal management systems and constitutional documents such as the Implementing Measures on Standardized Training Program (《規範化培訓工作的實施辦法》), the Training System of Teacher Posts (《教師崗位培訓制度》) and the Guidance on Strengthening the Building of Teaching Team of Higher Education Institutions within the Group (《關於加強旗下高等院校師資隊伍建設的指導意見》), with due regard for the development circumstances of the Group and growth pattern of talents, and seeks to build a professional teaching team of high quality and standards, so as to continuously enhance its core competitiveness.

Theory and Practice, and Dual-mode Training

Hope Education has always advocated a training model which incorporates theory and practice, and is devoted to nurture all-round talents with both general system knowledge and business professional expertise and qualities. The Group keeps improving its training system and conducts targeted trainings on human resource management standards, financial management systems, asset management systems and office platform process operation specifications, and makes appropriate adjustments and updates to the programs in accordance with the development progress of the enterprise and the requirements for talents of each department.

The Group also actively adopts the training method of "Teaching and Mentoring", which assigns experienced employees to support new employees to assist them in adapting to the corporate environment as soon as possible to establish diligent, responsible, positive and proactive work concepts, thereby allowing employees to improve through practice and eventually become "pillars" of teaching in the schools over time. As of the end of the Reporting Period, a total of 6,593 Hope Education employees took part in training, which added up to 243,388 hours in aggregate.

- **Strict Assessment and Competition for Development**

  A rigorous and comprehensive assessment system is an essential means to monitor staff members' intake of knowledge and incentivize them to improve constantly. The Group will peg the assessment with results and regularly assess and evaluate teaching and research of the Group and teachers' professional knowledge and capabilities at work, as protected by the Evaluation Methods and Index System for Schools of Hope Education Group (《希望教育集團所屬院校辦學評估考核辦法及指標體系》).

  The Group also actively promotes the flow of quality teaching resources among the colleges, regularly holds teaching and professional skills contests, and conducts discussions and learning about working experience and teaching methods of teachers in different schools with a view to facilitating exchanges between teachers by drawing on others' strengths to overcome their own weaknesses and weeding out the old to bring in the new, thereby achieving an overall enhancement in quality of teaching resources. During the Reporting Period, the Group further promoted talks given by experts, seminars and experience exchanging activities by integrating online and offline approaches, and carried out special study and training programs on the main personnel responsible for students affairs to enhance their business qualities and working abilities.

Care for Staff

Hope Education is dedicated to building a working atmosphere with humanistic care, and has set up a sophisticated set of rules on employees' welfare and communication; in 2021, the Group formulated the Staff Welfare System for the Headquarters and Subsidiaries of the Hope Education Group (《希望教育集團總部及所屬公司員工福利制度》) to protect staff's healthy living and basic rights to the highest degree. The Group focuses on creating an effective, cozy and comfortable working environment, and attentively perceives the needs of each employee, allowing them to achieve work-life balance, develop in harmony with the enterprise and move forward steadily.

The Group cares about every employee. On top of the statutory benefits of employees, it has introduced special and diverse benefits to enhance employees' sense of belonging. The Staff Welfare System for the Headquarters and Subsidiaries of the Hope Education Group (《希望教育集團總部及所屬公司員工福利制度》) sets out the various benefits to which employees are entitled in respect of social insurance, provident funds, holidays, free meals, birthday/wedding, festivals, condolences, medical and accident insurance. In particular, taking advantage of the Group's resources in the field of education, employees will receive internal encouragement and enjoy preferential policies for academic qualifications and skills enhancement and certificates acquisition through the Group's schools. In addition, the Group also cares about the family life of each employee and actively organizes various leisure activities or launches welfare policies, including but not limited to visits and learning, festival celebrations, recreational activities, sports meets, regular physical examinations, and tuition discounts for employees' immediate family members. We hope to enrich the lives of employees continuously, and hope that employees would enjoy these activities and their sense of identity with the Company would be increased.

Community Support

Provision of Volunteer Support

Hope Education pursues the principle of "taken from society, give back to society" and actively fulfils social responsibilities. We give full play to our own strengths and leverage our resources on hand to support the industry and pass on our teaching experience, sparing no effort in driving the development of the nation's education business and constantly providing high quality talents for society. We also actively devote ourselves to volunteering activities and social welfare, and do our utmost to give back to society and create values with concrete actions as far as the nation and society require.

After winning the battle against poverty and building a moderately prosperous society in all respects, we need to pursue rural vitalization on the foundation of the results achieved by consolidating and building upon such battle. In response to such calls, the Group provided grants of RMB2.09 million through May Sunshine Fund (五月陽光基金會) to 26 students with financial difficulties to help them fulfil their university dreams; the Company donated RMB4.4 million in cash and over RMB1 million in goods to relevant authorities for the purposes of fighting the COVID-19 pandemic; the Company also made an aggregate donation of RMB7.246 million for rural vitalization and disaster relief in Henan; all schools actively contributed to fighting floods and the pandemic, as Hebi Automotive Engineering Vocational College in Henan and Jinken College in Nanjing spared their campuses to provide shelters for more than 2,000 victims. All these initiatives epitomize the Company's social responsibility.

Voluntary Disaster Relief

The Group sets an example by responding to the government's appeal to support regions suffering from disasters, and encourages teachers and students from all schools to actively participate in voluntary services, as it upholds the national idea of "one in trouble, all to help" by fulfilling corporate responsibilities.

During the Reporting Period, in face of the record-breaking rainfall in Hebi, Hebi Automotive Engineering Vocational College, upon receiving notification from the municipal government, immediately organized voluntary services and quickly opened temporary settlements for the victims, acting as the vanguard of flood control and disaster relief and building the "strongest dam" with dedication and resolve.

Voluntary services for flood control

Promoting Cultural Integration

Hope Education is well aware that fine traditional culture is the spiritual lifeblood of the Chinese nation, and also a solid foundation on which China gains a firm footing amidst global cultural interaction. During the Reporting Period, the Group incorporated traditional Chinese culture and local cultures into its activities and encouraged students to perceive and learn the fine traditional Chinese culture through practice and promote students' recognition towards and inheritance of Chinese culture.

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

Activities organized in schools under Hope Education to promote traditional culture

In addition, the Group also takes the Grateful Season as an opportunity to reprise its classic activities, guide students to comprehend the corporate culture, cultivate students’ morality, behaviour and habits, mold students’ wholesome personality, and gradually establish a brand of gratitude culture. During the Reporting Period, the Group held 959 Grateful Season activities with the number of participants reaching 1.25 million.

The Fourth "Path of Gratitude, Power of Hope" Photo Contest of College and Science and Technology

The Sixth "Chinese Dream, Affection for Chinese Characters" Chinese Characters Dictation Competition

The Third "Switching Roles" Grateful Season Activity

"Touching and Gratitude" Three-line Love Letter Writing Activity

Grateful Season activities of Hope Education

The colleges have currently realized the continuation of classic activities in the Grateful Season and have gradually formed brand activities with such characteristics, which serve as one of the important means for propagation of gratitude culture and publicity of schools.

Supply Management

Being a crucial partner for the Group's operation, our suppliers act as a key element to the stability of the Group. Hope Education continues to regulate and refine our procurement procedures and mechanism, improve its operation and management level, formulated relevant systems including the Management System for Procurement Contracts (《採購合同管理制度》), the Management System for Procurement Bidding (《採購招標管理制度》), the Supplier Management System (《供應商管理制度》) and the Implementation Rules for Procurement of the Group (《集團採購實施細則》), and have continued to optimize supplier management.

Hope Education manages work of suppliers throughout the entire process and continues to improve its quality of procurement in order to ensure the safety and reliability of supply. In the stage of bidding, a working group on tender matters headed by the person-in-charge of the procurement management department is set up internally. In addition, the Management System for Procurement Bidding stipulates relevant content such as the procedures of bidding and screening of suppliers' qualification. In the stage of suppliers' access, the Group implements strict approval procedures on suppliers and sets up a qualification vetting panel and an assessment panel for the suppliers. In regard to supplier management, the management department of the Group carries out quarterly assessments on qualified suppliers in terms of quality of goods, prices, delivery period and after-sale services using a 100-point rating scale, and establishes a grading and elimination system pursuant to the results of the rating. Trainings on procurement management and services are also provided to responsible employees at the same time. In the stage of suppliers' removal, the Group has set up supplier blacklist management procedures, which adds suppliers eliminated upon assessment to the Table of Disregarded Businesses (《不引進商家表》), as well as blacklisting suppliers which involve bribery, fraud or unhealthy competition, so as to ensure the safety and reliability of the suppliers. In 2021, the Group optimized and expanded its goods database. A total of 333 suppliers, which spread over different regions in Mainland China, were recorded.

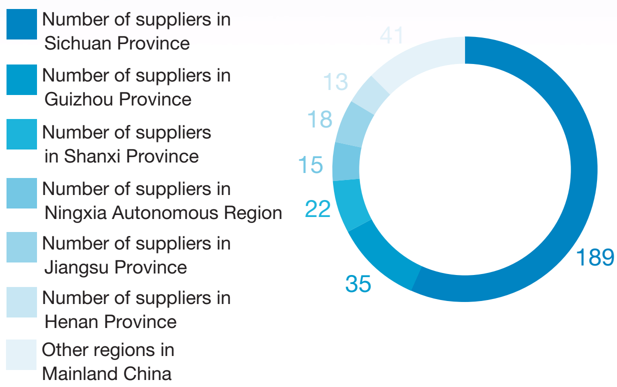


Figure of Number of Hope Education's Supplier by Region in 2021

ENVIRONMENTAL RESPONSIBILITY

Hope Education believes that enterprises, as an indispensable component in the environment of society, should shoulder their corresponding environmental responsibilities. The Group faces up to the environmental responsibility in our operations, persists in upholding green concepts, and contributes to winning the battle for blue skies and defending our motherland's clear waters and blue skies.

In the education service industry where the Group operates, the main environmental pollutions are from energy, water resource, office resource consumption, life wastes and three wastes (exhaust gas, wastewater and solid waste) discharge from canteen. Exhaust gas produced mainly refers to cooking fumes generated from canteens, wastewater is principally domestic sewage, while solid is mainly domestic garbage. No hazardous wastes are generated, and discharge of all pollutants satisfies required standards. The Group always upholds green concepts, expands recycling and reduces consumption of resources, and strives to complete the mission vested with the Group by our times.

Energy Saving

Conserving energy, reducing consumption, lowering costs and enhancing efficiency have gradually become philosophies for development of major corporations. Corporations should establish energy-saving awareness of "lowering costs bit by bit and enhancing efficiency every second", maximize benefits from saving energy with the best way of management, such that environmental obligations can be fulfilled while the corporation's green competitiveness is bolstered.

The Group advocates green practice and energy conservation, and vigorously promotes environmental concepts of "timely processing to reduce consumption and saving energy from the tiniest detail" in various colleges. To assist the implementation of energy saving concepts, the Group and each college set up energy consumption management goals and hold monthly energy consumption analysis meetings on a regular basis to track monthly energy consumption, search for and rectify imperfections, set up a sound and precise energy consumption management system and a supervision and inspection system, and make public any occurrence of excessive energy waste. Meanwhile, the Group appeals for implementation of the following everyday actions:

- Promoting "paper-less office" in full swing by converting paper works to electronic works;
- Those who are the last ones to leave the office have to ensure that all electrical facilities and power switches are switched off before leaving;
- Water-saving faucets are used in each school to avoid any emission, dripping or leakage;
- The streetlights are equipped with time control switch in each school and adjusted timely according to the weather forecast on the day, utilizing to the maximum extent natural light;
- Decorative lights and garden lamps in each school are switched off, except for necessary needs;
- The public area of each school is installed with the sound-control lightings and energy-saving lights are adopted to replace incandescent light bulb;
- Implementing a daily energy registration system to monitor daily electricity and water consumption level and to rectify any abnormal situations once identified in a timely manner to put an end to waste;
- Strictly controlling the usage of vehicles in each school; school buses and vehicles for official use are all vehicles that consume new energy, which effectively reduced the emission of air pollutants.

The Group has formulated the Management Measures on Fixed Assets (《固定資產管理辦法》) in the principle of "rational allocation and enhanced utilization", which sets out provisions for material application, transfer of new assets, continuous management of assets, checking of inventory, maintenance of assets and disposal of scrapped assets. It also strengthened the management for fixed assets to prevent environmental pollution caused by wastage. In managing consumables, the Group has put in place annual management objectives, and purchases office consumables, consumables for water and electricity repair, training consumables and activity consumables for each college on a unified basis for each semester, and updates the List of Inventory of Low-value Consumables (《低值易耗品庫存盤點表》) on a weekly basis based on actual condition.

Table of Energy and Resource Use

Index	Unit	2021	2020	2019
Energy				
Total energy consumption	Tonne of standard coal consumption	/	/	/
Electricity consumption	kWh	36,493,284.1	33,051,245.3	39,049,723.2
Pipeline gas	m^3	1,334,758.2	1,205,336.0	1,387,128.0
Density of energy consumption	Tonne standard coal consumption per RMB1 million of revenue	/	/	/
Use of resource				
Office purchased paper	Tonne	/	/	/
Total used water	Tonne	1,532,381.7	1,434,892.3	1,598,979.2
Density of used water	Tonne per RMB1 million of revenue	1,152.6	1,089.4	1,202.2

Emission Reduction

Against the backdrop of proposing the strategic goals of "reaching peak carbon emissions" and "carbon neutrality" by the PRC, Hope Education actively puts green operation strategies into practice in its daily operations and actively adopts relevant measures to minimize carbon emissions, enhance energy use efficiency, conserve resources and improve management of wastewater, exhaust gas and solid wastes.

Hope Education actively prepares for setting environmental goals. On the basis of environment data disclosed for more than a three-year period and by taking into account the Company's projection and planning on its future business development and investments in energy saving projects, the Company will formulate environmental goals in relation to greenhouse gases emission, water usage and other aspects. As of 2021, the Company has disclosed environmental data for many years in a row, and is planning to conduct analyses on environmental data and business circumstances with a view to laying a foundation for disclosing its environmental goals.

The Group continuously improves the Logistics Management System (《後勤管理制度》) to strictly standardize the waste management of daily operation, including wastewater, exhaust gas and solid wastes.

- Food waste: the colleges have carried out energy-saving transformation of cooking utensils and purging systems in their canteens to reduce and eliminate emissions of greasy dirt. External third-party environmental protection companies are engaged to carry out standardized tests and assessments on the emission of cooking fumes for the canteens. Oil and water transmitters are installed in canteens. Kitchen food wastes are collected, transported and disposed of by qualified third parties.

- Domestic waste: recycle bins are placed in the campus, and domestic waste is subject to treatments by municipal waste treatment units after collective collection and classification. The abandoned lighting tubes and batteries are separately collected and dealt with by qualified third parties.

- Medical waste: only a small amount of medical waste is generated in college dispensaries, which are to be disposed of by qualified third parties after volume record by doctors.

Schools of the Group have implemented a number of measures in 2021, including the "Clear your Plate Campaign" ("光盤行動"), with an aim to promote frugality, reasonable utilization of resources and reduce the number of food waste and garbage. The Administration Department of Sichuan Hope Automotive Vocational College collects statistics and provides analysis of food waste and garbage daily, and starts an investigation on number of meals from the staff and their favourite taste, in order to calculate the ingredients needed in a scientific way, and prepare meals in accordance with the demand. It also considers and formulates a reward and punishment mechanism on proper and reasonable dining, a supervisor is stationed at the disposal site, and will ask those who have excess leftovers to rectify the situation, so as to solve the problem of waste of food and beverage from meal preparation to food waste produced.

Table of Emissions Management

Index	Unit	2021	2020	2019
Total amount of hazardous waste	Tonne	3.2	3.9	4.1
Abandoned lighting tubes	Piece	7,433	8,122	8,511
Used printer toner cartridge	Piece	98	130	103
Used batteries	Piece	3,287	3,492	3,566
Scrapped ink cartridges	Piece	65	98	47
Recycled ink cartridges	Piece	89	77	55
Medical wastes	Tonne	0.6	0.7	0.8
Intensity of hazardous waste	Tonne per RMB1 million of revenue	0.003	0.003	0.003
Non-hazardous waste				
Total amount of non-hazardous waste	Tonne	5,673	5,232.0	5,955.0
Kitchen garbage	Tonne	1,544	1,290.0	1,322.0
Domestic garbage	Tonne	4.583	4,232.0	4,633.0
Intensity of non-hazardous waste	Tonne per RMB1 million of revenue	4.4	4.2	4.5
Greenhouse gas emissions				
Total CO_2 emissions	Tonne	21,356.3	20,135.2	22,895.9
CO_2 emissions Scope 1	Tonne	316.7	310.3	321.5
CO_2 emissions Scope 2	Tonne	21,483.1	21,334.8	22,574.4
Intensity of greenhouse gas emissions	Tonne of CO_2 equivalent per RMB1 million of revenue	16.4	15.6	17.2

Responding to Climate Change

Extreme weather becomes ubiquitous in 2021. Climate change has also brought potential risks to enterprises. We actively identify and alleviate the impacts of climate change on Hope Education in our daily operation. The Group places flood prevention equipment in all campuses and office premises and improves the safety defence mechanism. Adequate warnings are given before adverse weather approaches, while teachers, students, parents and other staff members of the Group are reminded to be aware of climate change, in order to enhance their capabilities in handling emergencies and implement self-protection measures.

APPENDIX II: ESG INDEX

ESG KPI	Guide Requirements	Report Section/Statement
A1：Emissions	General Disclosure	Environmental Responsibility
	A1.1 The types of emissions and respective emissions data.	Environmental Responsibility – Emission Reduction Not disclosed as the emissions are of little significance for the Group's operation.
	A1.2 Greenhouse gas emissions in total and, where appropriate, intensity.	Environmental Responsibility – Energy Saving
	A1.3 Total hazardous waste produced and, where appropriate, intensity.	Environmental Responsibility – Emission Reduction
	A1.4 Total non-hazardous waste produced and, where appropriate, intensity.	Environmental Responsibility – Emission Reduction
	A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility – Emission Reduction
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility – Emission Reduction
A2：Use of Resources	General Disclosure	Environmental Responsibility – Energy Saving
	A2.1 Direct and/or indirect energy consumption by type in total and, where appropriate, intensity.	Environmental Responsibility – Energy Saving
	A2.2 Water consumption in total and, where appropriate, intensity.	Environmental Responsibility – Energy Saving
	A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibility – Energy Saving
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Responsibility – Energy Saving No issue in sourcing water that is fit for purpose
	A2.5 Total packaging material used for finished products and with reference to per unit produced.	Not applicable. The Group does not use any product packaging materials during operation.
A3：The Environment and Natural Resources	General Disclosure	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not disclosed as the impact on the environment and natural resources are of little significance for the Group's operation.

ESG KPI	Guide Requirements	Report Section/Statement
B1：Employment	General Disclosure	Social Responsibility – Staff Development
	B1.1 Total workforce by gender, employment type, age group and geographical region.	Social Responsibility – Staff Development
	B1.2 Employee turnover rate by gender, age group and geographical region.	Social Responsibility – Staff Development Table of Key Data for 2021
B2：Health and Safety	General Disclosure	Educational Responsibility – Administrative Logistic Support Social Responsibility – Staff Development
	B2.1 Number and rate of work-related fatalities.	No work-related fatalities in 2021
	B2.2 Lost days due to work injury.	No lost days due to work injury in 2021
B3：Development and Training	General Disclosure	Social Responsibility – Staff Development
	B3.1 The percentage of employees trained by gender and employee category.	Social Responsibility – Staff Development
	B3.2 The average training hours completed per employee by gender and employee category.	Social Responsibility – Staff Development
B4：Labour Standards	General Disclosure	Social Responsibility – Staff Development
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Social Responsibility – Staff Development
	B4.2 Description of steps taken to eliminate such practices when discovered.	Social Responsibility – Staff Development
B5：Supply Chain Management	General Disclosure	Social Responsibility – Supply Management
	B5.1 Number of suppliers by geographical region.	Social Responsibility – Supply Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Social Responsibility – Supply Management
B6：Product Responsibility	General Disclosure	Educational Responsibility – Quality Education

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

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

OPINION

We have audited the consolidated financial statements of Hope Education Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 135 to 258, which comprise the consolidated statement of financial position as at 31 August 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Acquisitions of businesses	
During the year ended 31 August 2021, the Group completed several acquisitions and recognised goodwill of totalling approximately RMB691 million. These acquisitions were accounted for using the acquisition method of accounting where the Group performed purchase price allocation exercises as disclosed in note 33 to the financial statements. The Group engaged an independent external expert with relevant qualifications to perform valuation on the fair values of the identifiable assets acquired and liabilities assumed as at the acquisition dates of the businesses acquired. The accounting for business combinations involved the use of significant management judgements and estimates for identifying a business combination, determining the acquisition date, measuring identifiable assets acquired and liabilities assumed at fair value, recognising and the allocation of intangible assets and goodwill. The Group's disclosures about the above-mentioned acquisitions of businesses are included in note 2.4 and note 33 to the financial statements.	We performed the following procedures in our audit for this matter: • Examined the supporting documents including the share transfer agreements, amended articles of association, the board resolutions, the related documents about changes of directors and transfer of control right and assets; • Tested the identification of assets and liabilities based on our understanding of the acquired businesses; • Evaluated the accounting treatment applied to the transactions; • Assessed the management judgement of the acquisition dates; • Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management in assessing the purchase price allocation; • Involved our internal valuation specialists to evaluate the methodologies and key valuation parameters adopted in determining fair values of identifiable assets acquired and liabilities assumed; and • Evaluated the accuracy of the accounting treatment on the dates of acquisitions and reviewed the financial statement disclosures.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Preferential tax treatment	
As set out in note 10 to the financial statements, according to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatments as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant authorities under the State Council. During the year ended 31 August 2021, no corporate income tax was provided on the income from the provision of formal education services by the Group's private schools in the People's Republic of China (the "PRC Private Schools"), which have elected to be private schools requiring reasonable returns. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained therefrom, those PRC Private Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatment. As a result, no income tax expense was recognised for the income from formal educational services provided by those PRC Private Schools during the year ended 31 August 2021. There were significant judgements involved in management's analysis and assessment, such as the assessment on the possible outcome of the tax provision based on historical experiences and interpretation of the relevant tax laws and regulations in respect of the preferential tax treatment enjoyed by those PRC Private Schools. The Group's disclosures about the income tax are included in note 3 and note 10 to the financial statements.	The audit procedures included the following: • Discussed with management to evaluate their interpretation of the tax laws and their assessment of the tax obligations of the schools operated by the Group for the current year; • Evaluated management's assessment on the application of the preferential tax or applicable tax rate to the respective schools; • Examined the historical tax filing returns filed to the relevant tax authorities and the tax compliance confirmations obtained therefrom, where appropriate; • Discussed with the Group's external PRC legal advisors to understand their view with respect to the interpretation of the existing applicable laws which would have an impact on the applicable tax on the respective schools; • Assessed any new policies, regulations or rules that have been introduced by the authorities, which might have an impact on the tax position taken by the Group up to the date of approval of these financial statements; and • Involved our internal tax specialist to assist us in assessing the uncertainties arising from the preferential tax treatment enjoyed by the Group's schools by reviewing the applicable tax laws and regulations, any new policies or rules, and historical tax returns filed to assess if management's understanding and interpretation could be supported.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible asset with indefinite useful life	
The Group recorded a significant amount of goodwill and intangible asset with indefinite useful life of approximately RMB1,272 million and RMB149 million, respectively, as at 31 August 2021. Management has performed an annual impairment test on the recoverability of goodwill and intangible asset with indefinite useful life as required by IAS 36. No impairment charge has been recorded against goodwill and intangible asset with indefinite useful life in the current year. Certain assumptions used in the impairment review were subjective and involved significant judgements and estimates, and they included: • the future cash flow growth assumptions used in the Group's most recent budgets for the next five years approved by the board of directors, including future industry development, pricing strategies, market supply and demand, and earnings before interest and taxes ("EBIT"); • the growth rate used beyond the period covered by the budgets; and • the discount rate applied to future cash flows. The accounting estimates and disclosures related to the impairment assessment of goodwill and intangible asset with indefinite useful life are included in note 3 and note 18 to the financial statements.	In order to evaluate the impairment test carried out by management and assess the value in use of the cash-generating unit, we performed the following procedures: • Evaluated management's future cash flow forecasts, including their consideration of the impact of COVID-19, and the process by which they were drawn up; • Assessed the actual performance during the year ended 31 August 2021 against the prior year budgets to evaluate historical forecasting accuracy; • Analysed the key assumptions adopted by management, such as the growth rates of the number of students, tuition and boarding fees and expenses during the forecast periods by checking to the historical trend and industry index; • Performed sensitivity analyses on the forecasts; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the Group and the discount rate used by comparing to the industry index; and • Evaluated the adequacy of the Group's disclosures regarding impairment testing of goodwill and intangible asset with indefinite useful life.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of loans to a third party	
As at 31 August 2021, the principal and interest receivables (the "Debts") with an aggregate amount of RMB562 million arising from loans to a third party ("Debtor"), which accounted for approximately 10% of the Group's total current assets, have been past due. The impairment assessment for the Debts is a complex process involving significant management's judgement including their evaluation of the Debtor's financial condition, expected future cash flows from the Debtor as well as the fair value of the collateral held by the Group to safeguard the Debts. The accounting estimates and disclosures related to the impairment assessment of the loans and interest receivables arising thereon are included in note 2.4, note 3, note 22 and note 40 to the financial statements.	Our audit approach included the following substantive procedures: • Examined the Group's assessment of the third party's financial condition and ability to repay the Debts; • Discussed with management regarding the Group's actions to safeguard the Debts; • Inspected legal agreements and supporting documentation to confirm the existence and legal right to the collateral held by the Group; • Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management in assessing the fair value of the collateral; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the independent valuer in determining the fair value of the collateral; and • Evaluated the adequacy of the Group's disclosures regarding the impairment assessment for the Debts and the Group's exposure to credit risk in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants

Hong Kong
29 November 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
REVENUE	5	2,324,272	872,075
Cost of sales		(1,148,304)	(494,464)
Gross profit		1,175,968	377,611
Other income and gains	5	666,527	129,745
Selling expenses		(147,205)	(41,279)
Administrative expenses		(332,749)	(113,600)
Fees for conversion of an independent college into a full private university	7	(412,300)	–
Other expenses		(102,079)	(42,644)
Finance costs	6	(298,417)	(143,940)
Fair value gains on convertible bonds	5	375,954	–
Share of losses of:			
An associate	20	(11,163)	–
Joint ventures	19	(242,070)	(144)
PROFIT BEFORE TAX	7	672,466	165,749
Income tax expense	10	(67,346)	(46,400)
PROFIT FOR THE YEAR/PERIOD		605,120	119,349
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(45,216)	–
Total comprehensive income for the year/period		559,904	119,349

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Profit/(loss) attributable to:			
Owners of the Company		**605,505**	119,224
Non-controlling interests		**(385)**	125
		605,120	119,349
Total comprehensive income attributable to:			
Owners of the Company		**559,611**	119,224
Non-controlling interests		**293**	125
		559,904	119,349
Earnings per share attributable to ordinary equity holders of the Company:	12		
Basic		**RMB0.080**	RMB0.018
Diluted		**RMB0.029**	RMB0.017

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**8,425,972**	5,065,150
Right-of-use assets	14(a)	**1,405,412**	1,174,097
Interests in land held for property development	15	**142,592**	145,022
Investment property	16	**36,817**	–
Goodwill	18	**1,271,540**	590,456
Amount due from a related party	36(c)	**–**	288,556
Other intangible assets	17	**797,111**	212,291
Investments in joint ventures	19	**500,830**	196,098
Investment in an associate	20	**381,337**	–
Prepayments	22	**859,390**	335,857
Pledged and restricted deposits	23	**296,083**	447,851
Deferred tax assets	29	**31,382**	2,424
Contract cost assets		**1,007**	–
Total non-current assets		**14,149,473**	8,457,802
CURRENT ASSETS			
Trade receivables	21	**126,106**	27,953
Prepayments, deposits and other receivables	22	**1,016,078**	909,135
Amounts due from related parties	36(c)	**56,629**	56,052
Contract cost assets		**2,515**	–
Financial assets at fair value through profit or loss		**–**	5,000
Pledged and restricted deposits	23	**161,034**	65,700
Cash and cash equivalents	23	**4,357,287**	2,894,437
Total current assets		**5,719,649**	3,958,277
CURRENT LIABILITIES			
Contract liabilities	5	**1,485,362**	403,620
Trade payables	24	**57,709**	37,573
Other payables and accruals	25	**2,789,266**	1,307,621
Lease liabilities	14(b)	**30,927**	28,965
Deferred income	26	**44,960**	37,683
Derivative financial instruments		**2,817**	–
Interest-bearing bank and other borrowings	27	**2,140,396**	1,443,333
Amounts due to related parties	36(c)	**199,135**	21,694
Tax payable		**128,884**	87,759
Total current liabilities		**6,879,456**	3,368,248
NET CURRENT ASSETS/(LIABILITIES)	2.1	**(1,159,807)**	590,029
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,989,666**	9,047,831

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 AUGUST 2021

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
NON-CURRENT LIABILITIES			
Other payables	25	**619,452**	312,861
Deferred income	26	**1,444,189**	1,252,665
Convertible bonds	28	**1,892,889**	–
Interest-bearing bank and other borrowings	27	**970,106**	1,670,072
Lease liabilities	14(b)	**140,468**	120,129
Deferred tax liabilities	29	**114,173**	5,687
Contract liabilities	5	**1,562**	–
Total non-current liabilities		**5,182,839**	3,361,414
NET ASSETS		**7,806,827**	5,686,417
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**542**	493
Reserves	32	**7,813,761**	5,682,728
		7,814,303	5,683,221
Non-controlling interests		**(7,476)**	3,196
Total equity		**7,806,827**	5,686,417

Xu Changjun
Director

Wang Huiwu
Director

	Attributable to owners of the Company									
	Issued capital RMB'000 (note 30)	Share premium* RMB'000	Capital reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Share option reserve* RMB'000 (note 32)	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	454	2,596,260	598,468	319,970	142,873	904,192	–	4,562,217	3,071	4,565,288
Profit and total comprehensive income for the period	–	–	–	–	–	119,224	–	119,224	125	119,349
Transfer from retained profits	–	–	–	45,296	–	(45,296)	–	–	–	–
Placing of new shares	32	1,062,080	–	–	–	–	–	1,062,112	–	1,062,112
Share issue expenses	–	(8,048)	–	–	–	–	–	(8,048)	–	(8,048)
Equity-settled share option arrangements	–	–	–	–	862	–	–	862	–	862
Transfer from the share option reserve upon the lapse of share option	–	–	–	–	(51)	51	–	–	–	–
Issue of shares upon the exercise of share option	7	124,230	–	–	(25,215)	–	–	99,022	–	99,022
Final 2019 dividend declared	–	(152,168)	–	–	–	–	–	(152,168)	–	(152,168)
At 31 August 2020 and 1 September 2020	493	3,622,354	598,468	365,266	118,469	978,171	–	5,683,221	3,196	5,686,417
Profit for the year	–	–	–	–	–	605,505	–	605,505	(385)	605,120
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(45,894)	(45,894)	678	(45,216)
Total comprehensive income for the year	–	–	–	–	–	605,505	(45,894)	559,611	293	559,904
Acquisition of subsidiaries with non-controlling interests (note 33)	–	–	–	–	–	–	–	–	(10,788)	(10,788)
Placing of new shares	44	1,586,331	–	–	–	–	–	1,586,375	–	1,586,375
Share issue expenses	–	(13,607)	–	–	–	–	–	(13,607)	–	(13,607)
Issue of shares upon the exercise of share options	5	89,810	–	–	(25,178)	–	–	64,637	–	64,637
Transfer from retained profits	–	–	–	130,597	–	(130,597)	–	–	–	–
Liquidation of a subsidiary with non-controlling interest	–	–	–	–	–	–	–	–	(177)	(177)
Final 2020 dividend declared	–	(65,934)	–	–	–	–	–	(65,934)	–	(65,934)
As at 31 August 2021	542	5,218,954	598,468	495,863	93,291	1,453,079	(45,894)	7,814,303	(7,476)	7,806,827

* These reserve accounts comprise the consolidated reserves of RMB7,813,761,000 in the consolidated statement of financial position as at 31 August 2021 (31 August 2020: RMB5,682,728,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**672,466**	165,749
Adjustments for:			
Depreciation of items of property, plant and equipment	13	**255,842**	129,990
Depreciation of right-of-use assets	14	**66,519**	39,586
Depreciation of land held for property development	7	**2,430**	–
Amortisation of other intangible assets	17	**17,043**	8,225
Deferred income released to profit or loss	26	**(18,299)**	(9,978)
Interest income	5	**(97,875)**	(57,772)
Finance costs	6	**298,417**	143,940
(Gains)/losses on disposal of items of property, plant and equipment, net	5, 7	**4,507**	(7,360)
Losses on disposal of items of intangible assets	7	**1,969**	–
Losses on disposal of subsidiaries		**–**	783
Equity-settled share option expense		**–**	862
Share of losses of joint ventures		**242,070**	144
Share of loss of an associate		**11,163**	–
Fair value gains/(loss), net:			
Financial assets through profit or loss		**(2,675)**	(12,803)
Derivative instruments – transactions not qualifying as hedges		**2,817**	–
Convertible bonds	28	**(375,954)**	–
Derecognition of cooperation arrangements assets due to conversion of independent colleges into private universities	17	**77,183**	–
Gain on debt concession	5	**(2,000)**	–
Reversal of impairment losses	5	**(179,901)**	–
Fair value gain on a previously held equity interest at the date of business combination	19	**(212,199)**	–
Impairment loss of property, plant and equipment		**3,953**	–
Impairment loss of right-of-use assets		**110**	–
Gains on early termination of lease arrangement		**(214)**	–
Amortisation of contract cost assets		**4,937**	–
Covid-19-related rent concession from a lessor		**(1,927)**	–
Foreign exchange gains/(losses), net		**(18,931)**	33,328
		751,451	434,694

continued/…

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Decrease/(increase) in prepayments, deposits and other receivables	(151,464)	81,915
Increase in trade receivables	(57,814)	(24,239)
Increase in contract cost assets	(2,277)	–
Decrease/(increase) in amounts due from related parties	21,122	(15,902)
Increase/(decrease) in contract liabilities	864,847	(402,811)
Increase in trade payables	9,926	3,963
Increase/(decrease) in amounts due to related parties	1,550	(1,415)
Increase/(decrease) in other payables and accruals	500,308	(6,575)
Receipt of government grants related to expense items	10,965	6,880
Cash generated from operations	1,948,614	76,510
Cash generated from operations	1,948,614	76,510
Bank interest received	19,737	4,935
Income tax paid	(57,442)	(22,751)
Net cash flows from operating activities	1,910,909	58,694

continued/···

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,366,342)**	(536,743)
Prepaid land lease payments		**(471,900)**	(197,512)
Additions to other intangible assets		**(15,126)**	(1,728)
Equity investments:			
Acquisition of subsidiaries	33	**(997,116)**	–
Loans to acquirees before the acquisition		**(54,000)**	–
Loan to a potential acquiree		**(60,000)**	–
Payments for acquisitions of subsidiaries in the prior year		**–**	(34,636)
Prepayment for acquisition of equity interests		**(412,955)**	(290,023)
Capital injection to a joint venture		**(150,000)**	–
Acquisition of a subsidiary that is not a business	34	**(499,997)**	–
Investment in an associate		**(392,500)**	–
Proceeds from disposal of items of property, plant and equipment		**2,515**	17,433
Proceeds from disposal of items of intangible assets		**1,702**	–
Disposal of a subsidiary		**–**	(243)
Increase in amounts due from related parties		**(23,000)**	(13,446)
Decrease in amounts due from related parties		**181,000**	–
Receipt of government grants for property, plant and equipment		**280,882**	188,228
Decrease in time deposits with original maturity of over three months		**–**	295,986
Proceeds from disposal of subsidiaries in the prior year		**–**	1,000
Decrease in financial assets at fair value through profit or loss, net		**5,000**	1,006,670
Loans to independent third parties		**–**	(50,961)
Proceeds from disposal of financial assets at fair value through profit or loss		**2,675**	14,439
Interest income received from time deposits		**–**	10,076
Loans repaid by third parties		**191,000**	–
Interest income received from an independent third party		**150**	–
Interest income received from a related party		**22,586**	5,738
Decrease/(increase) in pledged and restricted deposits		**45,518**	(354,764)
Net cash flows from/(used in) investing activities		**(3,709,908)**	59,514

continued/…

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		1,836,485	734,000
Repayment of bank and other borrowings		(2,200,269)	(222,321)
Interest paid		(239,763)	(79,434)
Payment for acquisition of a non-controlling interest in the prior year		(8,000)	–
Dividends paid		(65,934)	(152,168)
Principal portion of lease payments		(25,967)	(11,393)
Interest portion of lease liabilities		(11,317)	(6,476)
Proceeds from placing of new shares		1,586,375	1,062,112
Share issue expenses		(13,607)	(8,048)
Issue expenses of convertible bonds		(28,770)	–
Proceeds from issue of convertible bonds		2,259,775	–
Proceeds from issue of shares from exercise of share options		64,637	99,022
Syndicated loan arrangement fees paid/(2020: prepaid)		(31,248)	(305)
Loans from a related party		390,307	–
Repayment of loans from a related party		(216,245)	–
Repayment of other loans recorded in other payables		(8,371)	–
Net cash flows from financing activities		3,288,088	1,414,989
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,489,089	1,533,197
Cash and cash equivalents at beginning of the year/period		2,894,437	1,394,433
Effect of foreign exchange rate changes, net		(38,239)	(33,193)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		4,345,287	2,894,437
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
Cash and cash equivalents as stated in the consolidated statement of financial position	23	4,357,287	2,894,437
Less: Non-pledged time deposits with original maturity of over three months	23	(12,000)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		4,345,287	2,894,437

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the year ended 31 August 2021, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of higher education and secondary vocational education services in the People's Republic of China (the "PRC") and Malaysia. There were no significant changes in the nature of the Group's principal activities during the year.

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

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries

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

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Directly owned by the Company:			
Hope Education Group (Hong Kong) Co., Ltd. ("Hope Education HK") 希望教育集團(香港)有限公司	10 March 2017 The PRC/Hong Kong	HK$1	Investment holding
Indirectly owned by the Company:			
Horgos Tequ Mayflower Information Technology Co., Ltd. ("WFOE") 霍爾果斯特驅五月花信息科技有限公司(i)	19 January 2018 The PRC/Mainland China	RMB50 million	Provision of technical management and consultancy services
Sichuan Hope Education Industry Group Limited ("Hope Education") 四川希望教育產業集團有限公司(ii)(iii)	12 January 2005 The PRC/Mainland China	RMB52.5 million	Investment holding
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Tequ Mayflower") 四川特驅五月花教育管理有限公司(i)	8 April 2018 The PRC/Mainland China	RMB50 million	Sale of textbooks and dormitory bedding
Meishan Tequ Mayflower Information Technology Co., Ltd. ("Meishan Mayflower") 眉山特驅五月花信息科技有限公司(i)	7 December 2020 The PRC/Mainland China	US$10 million	Investment Holding
Southwest Jiaotong University Hope College 西南交通大學希望學院(ii)	16 July 2009 The PRC/Mainland China	RMB300 million	(a)
College of Guizhou Qiannan Economics (formerly known as "Business College of Guizhou University of Finance and Economics") 貴州黔南經濟學院(ii)	18 January 2004 The PRC/Mainland China	RMB50 million	(a)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
Jinci College of Shanxi Medical University 山西醫科大學晉祠學院[(ii)]	17 June 2002 The PRC/Mainland China	RMB180 million	(a)
Sichuan Vocational College of Culture & Communication 四川文化傳媒職業學院[(ii)]	22 September 2005 The PRC Mainland China	RMB20 million	(a)
Sichuan Tianyi College 民辦四川天一學院[(ii)]	14 March 1994 The PRC Mainland China	RMB23.3 million	(a)
Guizhou Vocational Institute of Technology 貴州應用技術職業學院[(ii)]	12 June 2016 The PRC Mainland China	RMB20 million	(a)
Sichuan Hope Automotive Technician School 四川希望汽車技師學院[(ii)]	4 November 2016 The PRC Mainland China	RMB20 million	Provision of technician education services
Sichuan Hope Automotive Vocational College 四川希望汽車職業學院[(ii)]	24 June 2013 The PRC Mainland China	RMB20 million	(a)
Sichuan TOP Education Co., Ltd. ("Top Education") 四川托普教育股份有限公司[(ii)(iii)]	28 June 2000 The PRC Mainland China	RMB150 million	Investment holding
Sichuan TOP IT Vocational Institute 四川托普信息技術職業學院[(ii)]	22 April 2000 The PRC Mainland China	RMB5 million	(a)
Suzhou Top Institute of Information Technology ("Suzhou Top Institute") 蘇州托普信息職業技術學院[(ii)]	2 July 2003 The PRC Mainland China	RMB5 million	(a)
Kunshan Gongmao Technical School and Business School ("Kunshan Technical School") 昆山工貿技工學校[(ii)]	1 September 2018 The PRC Mainland China	RMB5 million	(b)
Hebi Automotive Engineering Professional College ("Hebi Automotive") 鶴壁汽車工程職業學院[(ii)]	8 September 2011 The PRC Mainland China	RMB45 million	(a)

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
Yinchuan University of Energy 銀川能源學院[ii]	24 August 2001 The PRC Mainland China	RMB191.3 million	(a)
Vocational-technical Training Center of Yinchuan University ("Yinchuan Training Center") 銀川大學職業技能培訓中心[ii]	24 August 2001 The PRC Mainland China	RMB0.1 million	Provision of training services
Yinchuan Vocational School of Science and Technology ("Yinchuan Vocational School") 銀川科技職業學校[ii]	26 October 2017 The PRC/Mainland China	Nil	(b)
Ningxia Modern Senior Technical School ("Technical School") 寧夏現代高級技工學校[ii]	15 December 2016 The PRC/Mainland China	RMB2 million	Provision of technician training services
Guizhou Qiannan College of Science and Technology (formerly known as "College of Science and Technology of Guizhou University") ("College of Science and Technology") 貴州黔南科技學院[ii]	10 June 2015 The PRC/Mainland China	RMB200 million	(a)
Nanchang Vocational Institute of Film and Television Communication ("Nanchang Vocational Institute") 南昌影視傳播職業學院[ii]	17 August 2014 The PRC/Mainland China	RMB60 million	(a)
Jiangxi Fanmei Art Secondary Professional School 江西泛美藝術中等專業學校[ii]	18 February 2011 The PRC/Mainland China	RMB5 million	(b)
Jinken College of Technology ("Jinken College") 金肯職業技術學院[ii]	18 July 2000 The PRC/Mainland China	RMB26 million	(a)
Pioneer College, Inner Mongolia University ("Pioneer College") 內蒙古大學創業學院[ii]	2 June 2008 The PRC/Mainland China	RMB335.7 million	(a)
Hope International (Malaysia) Sdn. Bhd[iv], [v]	9 March 2020 Malaysia	RM20,000	Investment holding

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Indirectly owned by the Company: (Continued)			
INTI Education Holdings Sdn Bhd[v]	12 November 2007 Malaysia	RM252 million	Investment holding
INTI International Education Sdn Bhd ("INTI International University")[v]	28 December 1994 Malaysia	RM20 million	(a)
INTI Instruments (M) Sdn Bhd ("INTI International College Subang")[v]	13 February 1995 Malaysia	RM20 million	(a)
INTI International College Penang Sdn Bhd (INTI International College Penang)[v]	6 March 2000 Malaysia	RM6 million	(a)

Notes:

(a) Provision of higher education services

(b) Provision of secondary vocational services

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

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

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

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

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

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

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

2.1 BASIS OF PREPARATION

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

As set out in the announcement of the Company issued on 25 March 2020, the financial year end date of the Company and the Group has been changed from 31 December to 31 August to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a period of eight months from 1 January 2020 to 31 August 2020 are therefore not entirely comparable with those of the current accounting period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies except where adjustments are made to certain subsidiaries established in the PRC to adjust the annual reporting year end with 31 December to August 31 to ensure the conformity with the Group's reporting period. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

Going concern

As at 31 August 2021, the Group recorded net current liabilities of approximately RMB1,159,807,000. Included therein, the Group recorded the current portion of contract liabilities and deferred income of RMB1,485,362,000 and RMB44,960,000, respectively. In view of the net current liability position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the cash flows from operations, the Directors are of the opinion the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted the Amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* during the current year's financial statements.

Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months (the "2021 Amendment"). Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the year, lease payments for a lease of the Group's school campus have been reduced by the lessor as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 September 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessor as a result of the pandemic during the year ended 31 August 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB1,927,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 August 2021.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*[3]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9 Illustrative Examples accompanying IFRS 16 and IAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and joint ventures

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

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

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Freehold land	Not depreciated
Buildings	1.9% to 9.5%
Furniture and fixtures	9.7% to 19.4%
Motor vehicles	24.3%
Devices and equipment	9.7% to 33.0%

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment property

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

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

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

Intangible assets (other than goodwill)

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

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

Software

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

Cooperation arrangement to operate an independent college

Cooperation arrangement to operate an independent college acquired through the acquisition of a subsidiary that does not represent a business combination is stated at cost less any impairment losses. It is amortised on the straight-line basis over its estimated useful life of 20 years by reference to the contractual terms as stipulated in the cooperation arrangement, which represent the contractual period of operation of the Group's college.

Licences to operate undergraduate institutions

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land (Domestic – Mainland China)	20 to 70 years
Leasehold land (Overseas – Malaysia)	80 to 900 years
Dormitories	11 to 12 years
School campuses	1 to 26 years
Motor vehicles	2 years
Equipment	4 years

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

(b) Lease liabilities

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

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

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

Group as a lessor – operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

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

Impairment of financial assets

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

General approach

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

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

(i) significant financial difficulties of the debtor;

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Convertible bonds

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Current versus non-current classification

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

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

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

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

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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

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

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

Sale of goods

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

Other income

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

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

Contract liabilities

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs

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

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

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

(c) The costs are expected to be recovered.

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

Share-based payments

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

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

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

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

Other employee benefits

Pension schemes

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

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

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

Housing fund

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 5.35% (note 6) has been applied to the expenditure on the individual assets.

Dividends

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Structured Contracts

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through the Consolidated Affiliated Entities. WFOE, a wholly-owned subsidiary of the Company, has entered into the Structured Contracts with, among others, the Consolidated Affiliated Entities and their respective equity holders. The Structured Contracts enable WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Structured Contracts, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities, and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the financial statements during the period.

Income tax

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether certain schools of the Group which are exempted from tax are subject to corporate income tax in respect of income from the provision of formal education services. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact the tax expense in the period when such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of goodwill and intangible asset with indefinite useful life

The Group determines whether goodwill and intangible asset with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible asset with indefinite useful life at 31 August 2021 were RMB1,271,540,000 and RMB149,075,000, respectively (31 August 2020: RMB590,456,000 and nil, respectively). Further details are given in note 18 to the financial statements.

Impairment of non-financial assets (other than goodwill and intangible asset with indefinite useful life)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end the year. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the year based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the financial statements.

Provision for expected credit losses on other receivables

The Group takes into account qualitative and quantitative reasonable and supportable forward-looking information of forecast economic conditions when assessing the provision for expected credit losses on other receivables. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's forecast of economic conditions might not be representative the actual default in the future. The information about the ECLs on the Group's other receivables is disclosed in note 22 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group's expected loss rates are mainly determined based on the corresponding historical credit loss rates which are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the expected changes in macroeconomic factors and accordingly adjusts the historical loss rates based on expected changes in all factors identified. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Fair value measurement of convertible bonds

Convertible bonds amounting to RMB1,892,889,000 as at 31 August 2021 (31 August 2020: Nil) are measured at fair values with fair values being determined based on unobservable inputs, including expected volatility of share price and discount rate, using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of convertible bonds. Further disclosures of the convertible bonds are set out in note 28 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical areas and has two reportable operating segments as follows:

(a) domestic education segment provides higher and vocational education services in the PRC; and

(b) global education segment provides higher education services outside the PRC.

In previous years/periods, the board of directors considered that there were no reportable segments other than the domestic education segment. During the year, the Group acquired a 100% equity interest in Inti Education Holdings Sdn. Bhd. ("INTI") and its subsidiaries (the "INTI Group"), a private higher education service provider in Malaysia (as further detailed in note 33), and commenced the business engaging in the provision of global education services in a country other than the PRC. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segments during the year, the operating segment information for the eight months ended 31 August 2020 was also restated.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, foreign exchange differences, non-lease-related finance costs, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents, financial assets at fair value through profit or loss, and pledged and restricted deposits as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings (other than lease liabilities), amounts due to related parties, tax payable, deferred tax liabilities and convertible bonds as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 August 2021

	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Segment revenue (note 5)			
Revenue from external customers	2,007,645	316,627	2,324,272
Segment results	500,864	26,981	527,845
Reconciliation:			
Interest income			97,875
Foreign exchange differences, net			19,401
Fair value change on convertible bonds			375,954
Fair value gains from financial assets at fair value through profit or loss			2,675
Non-lease-related finance costs			(287,100)
Unallocated corporate expenses			(64,184)
Profit before tax			672,466

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 August 2021 *(Continued)*

	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Segment assets	13,922,528	1,100,808	15,023,336
Reconciliation:			
Deferred tax assets			31,382
Pledged and restricted deposits			457,117
Cash and cash equivalents			4,357,287
Total assets			19,869,122
Segment liabilities	6,400,683	232,442	6,633,125
Reconciliation:			
Interest-bearing bank and other borrowings			3,110,502
Amount due to a related party			179,905
Tax payable			128,884
Deferred tax liabilities			114,173
Convertible bonds			1,892,889
Derivative financial instruments			2,817
Total liabilities			12,062,295
Other segment information			
Share of losses of:			
An associate	(11,163)	–	(11,163)
Joint ventures	(242,070)	–	(242,070)
Impairment losses recognised in profit or loss, net	–	(4,063)	(4,063)
Reversal of impairment losses	179,901	–	179,901
Depreciation and amortisation	314,985	26,849	341,834
Management fees	185,405	–	185,405
Fees for conversion of an independent college into a full private university	412,300	–	412,300
Investment in an associate	381,337	–	381,337
Investments in joint ventures	500,830	–	500,830
Capital expenditure*	4,374,916	6,498	4,381,414

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the eight months ended 31 August 2020

	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Segment revenue (note 5)			
Revenue from external customers	872,075	–	872,075
Segment results	255,048	–	255,048
Reconciliation:			
Interest income			57,772
Fair value gains from financial assets at fair value through profit or loss			12,803
Non-lease-related finance costs			(137,464)
Unallocated corporate expenses			(22,410)
Profit before tax			165,749
Segment assets	9,000,667	–	9,000,667
Reconciliation:			
Deferred tax assets			2,424
Pledged and restricted deposits			513,551
Financial assets at fair value through profit or loss			5,000
Cash and cash equivalents			2,894,437
Total assets			12,416,079
Segment liabilities	3,522,811	–	3,522,811
Reconciliation:			
Interest-bearing bank and other borrowings			3,113,405
Tax payable			87,759
Deferred tax liabilities			5,687
Total liabilities			6,729,662

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the eight months ended 31 August 2020 *(Continued)*

	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Other segment information			
Share of loss of a joint venture	(144)	–	(144)
Depreciation and amortisation	177,801	–	177,801
Management fees	76,437	–	76,437
Investment in a joint venture	196,098	–	196,098
Capital expenditure*	784,623	–	784,623

* Capital expenditure consists of additions to property, plant and equipment, investment properties, interests in land held for property development and intangible assets including assets from the acquisition of subsidiaries.

Geographical information

(a) *Revenue from external customers*

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Domestic* – Mainland China	**2,007,645**	872,075
Overseas – Malaysia	**316,627**	–
	2,324,272	872,075

The revenue information above is based on the locations of the customers.

* The place of domicile of the Group's principal operating subsidiaries is Mainland China.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	31 August 2021 RMB'000	31 August 2020 RMB'000
Domestic – Mainland China	**12,781,290**	7,718,971
Overseas – Malaysia	**1,040,718**	–
	13,822,008	7,718,971

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of any segments during the year and the eight months ended 31 August 2020.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Revenue from contracts with customers	2,323,036	872,075
Revenue from other resources		
Rental of hostels and facilities	1,236	–
	2,324,272	872,075

(a) Disaggregated revenue information for revenue from contracts with customers

For the year ended 31 August 2021

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		1,624,858	306,985	1,931,843
Boarding fees		157,061	–	157,061
Sales of books and daily necessities		73,570	–	73,570
Others	(i)	152,156	8,406	160,562
Total revenue from contracts with customers		2,007,645	315,391	2,323,036
Timing of revenue recognition				
Services transferred over time		1,934,075	315,391	2,249,466
Goods transferred at a point in time		73,570	–	73,570
Total revenue from contracts with customers		2,007,645	315,391	2,323,036

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue *(Continued)*

(a) Disaggregated revenue information for revenue from contracts with customers (Continued)

For the eight months ended 31 August 2020

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		740,719	–	740,719
Boarding fees		57,973	–	57,973
Sales of books and daily necessities		20,228	–	20,228
Others	(i)	53,155	–	53,155
Total revenue from contracts with customers		872,075	–	872,075
Timing of revenue recognition				
Services transferred over time		851,847	–	851,847
Goods transferred at a point in time		20,228	–	20,228
Total revenue from contracts with customers		872,075	–	872,075

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of education services

The performance obligations of the services are satisfied over time as the services are rendered in each academic year or training period and advances are required before rendering the services.

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment in advance is normally required.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue *(Continued)*

(b) Performance obligations (Continued)

Changes in contract liabilities during the year/period are as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Carrying amount at beginning of the year/period	403,620	806,431
Additions from acquisition of subsidiaries (note 33)	224,395	–
Revenue recognised that was included in the contract liabilities at beginning of the year/period	(391,843)	(774,897)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	(217,854)	–
Increase due to cash received, excluding amounts recognised as revenue during the year/period	1,474,544	372,086
Exchange realignment	(5,938)	–
Carrying amount at end of the year/period	1,486,924	403,620
Amounts expected to be recognised as revenue:		
Within one year	1,485,362	403,620
After one year	1,562	–
Carrying amount at end of the year/period	1,486,924	403,620

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered. The increase in contract liabilities was mainly due to the receipt of advances of tuition and boarding fees from students for the new fall semester.

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to tuition fees received in advance, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains

An analysis of other income and gains is as follows:

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Other income			
Bank interest income		27,117	14,565
Interest income from loans to related parties	36(b)(i)	12,038	14,496
Interest income from loans to independent third parties		58,720	28,711
Total interest income		97,875	57,772
Deferred income released to profit or loss:	26		
– related to assets		11,553	7,467
– related to expenses		6,746	2,511
Government grants received	(ii)	7,890	2,422
Rental income		13,699	13,028
Service income	(iii)	88,878	14,375
Fair value gain on a previously held equity interest at the date of business combination	19	212,199	–
Reversal of impairment losses	(iv)	179,901	–
Others	(i)	22,049	11,407
		640,790	108,982
Gains			
Gains on disposal of items of property, plant and equipment		1,447	7,960
Gains on early termination of lease arrangement		214	–
Gains on debt concession		2,000	–
Fair value gains on financial assets at fair value through profit or loss, net		2,675	12,803
Gain on exchange differences, net		19,401	–
		25,737	20,763
Total other income and gains		666,527	129,745
Fair value gains on convertible bonds	28	375,954	–

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Other income and gains *(Continued)*

Notes:

(i) During the year ended 31 August 2021 and the eight months ended 31 August 2020, "others" mainly represented income received from the provision of other education services, including self-study examination education services, adult education services, registration services, training services to the students and independent third parties, which was amortised within the training periods of the services rendered.

(ii) Government grants received represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income in profit or loss when received. There were no unfulfilled conditions or contingencies relating to these grants.

(iii) During the year ended 31 August 2021 and the eight months ended 31 August 2020, service income mainly represented income derived from granting the rights of canteen and convenient store operations to independent third party operators and income from services provided to the students related to the introduction of internship and abroad study.

(iv) During the year ended 31 August 2021, the Group reached an agreement with the vendors (the "Vendors") from the acquisition of Yinchuan University of Energy and related entities (collectively the "Yinchuan Group"), with details disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2019, that certain receivables of the Yinchuan Group due from the Vendors amounting to RMB179,901,000, that had been fully impaired on the acquisition date, will be offset by the payables for the acquisition of the Yinchuan Group, resulting in a gain from reversal of impairment losses amounting to RMB179,901,000.

6. FINANCE COSTS

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

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Interest on bank, overdraft and other borrowings	236,728	119,371
Issue expenses of convertible bonds	28,770	–
Less: Interest capitalised	(18,796)	–
Increase in the discounted amounts of payables arising from the passage of time	40,398	18,093
Interest on lease liabilities	11,317	6,476
	298,417	143,940
Capitalisation rate of borrowing costs capitalised	5.35%/7.06%	–

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Cost of services provided		**1,148,304**	494,464
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**674,337**	266,029
Equity-settled share option expense		**–**	645
Pension scheme contributions (defined contribution schemes)		**93,848**	41,022
		768,185	307,696
Management fees	(i)	**185,405**	76,437
Fees for conversion of an independent college into a full private university	25(iii)	**412,300**	–
Derecognition of other intangible assets	17(ii)	**77,183**	–
Depreciation of property, plant and equipment	13	**255,842**	129,990
Depreciation of right-of-use assets*	14	**66,519**	39,586
Depreciation of land held for property development		**2,430**	–
Amortisation of other intangible assets	17	**17,043**	8,225
Lease payments not included in the measurement of lease liabilities	14	**4,361**	694
Auditors' remuneration		**8,850**	5,700
Equity-settled share option expense		**–**	217
Fair value loss on derivative instruments – transactions not qualifying as hedges		**2,817**	–
Losses on disposal of subsidiaries		**–**	783
Losses on disposal of intangible assets		**1,969**	–
Losses on disposal of items of property, plant and equipment		**5,954**	600
Impairment loss of property, plant and equipment	13	**3,953**	–
Impairment loss of right-of-use assets	14(a)	**110**	–

Note:

(i) During the year ended 31 August 2021 and the eight months ended 31 August 2020, management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

* During the year, the depreciation of right-of-use assets of RMB66,519,000 (For the eight months ended 31 August 2020: RMB39,586,000) and RMB3,445,000 (For the eight months ended 31 August 2020: RMB2,147,000) are recognised in profit or loss and capitalised as addition to construction in progress, respectively.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year ended 31 August 2021 and the eight months ended 31 August 2020, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Fees	**2,502**	1,783
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	–
Equity-settled share option expense	**–**	41
Pension scheme contributions	**60**	43
	60	84
	2,562	1,867

In 2018, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 August 2021 and the eight months ended 31 August 2020 is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year ended 31 August 2021 and the eight months ended 31 August 2020:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Mr. Zhang Jin	**122**	87
Mr. Chen Yunhua	**122**	87
Dr. Gao Hao	**122**	87
	366	261

There were no other emoluments payable to the independent non-executive directors during the year ended 31 August 2021 and the eight months ended 31 August 2020.

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

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 August 2021					
Executive directors:					
Mr. Wang Huiwu[(i)]	1,267	–	–	30	1,297
Mr. Xu Changjun	464	–	–	–	464
Mr. Li Tao	405	–	–	30	435
	2,136	–	–	60	2,196
Non-executive directors:					
Mr. Wang Degen[(ii)]	–	–	–	–	–
Mr. He Shengli[(ii)]	–	–	–	–	–
Mr. Lv Zhichao	–	–	–	–	–
Mr. Tang Jianyuan	–	–	–	–	–
	–	–	–	–	–
	2,136	–	–	60	2,196
Eight months ended 31 August 2020					
Executive directors:					
Mr. Wang Huiwu[(i)]	903	–	–	33	936
Mr. Xu Changjun	330	–	10	–	340
Mr. Li Tao	289	–	31	10	330
	1,522	–	41	43	1,606
Non-executive directors:					
Mr. Wang Degen	–	–	–	–	–
Mr. Lv Zhichao	–	–	–	–	–
Mr. Tang Jianyuan	–	–	–	–	–
	–	–	–	–	–
	1,522	–	41	43	1,606

Notes:

(i) Mr. Wang Huiwu is also the chief executive of the Company.

(ii) On 24 June 2021, Mr. Wang Degen resigned as a director and Mr. He Shengli was appointed as a director of the Company.

There was no arrangement under which an executive director waived or agreed to waive any remuneration during the year ended 31 August 2021 and the eight months ended 31 August 2020.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees are detailed as follows:

	Number of employees	
	Year ended 31 August 2021	Eight months ended 31 August 2020
Director	**1**	3
Non-director	**4**	2
	5	5

Details of directors' and chief executive's remuneration are set out in note 8 above. Details of the remaining highest paid employees who are neither a director nor chief executive of the Company during the year ended 31 August 2021 and the eight months ended 31 August 2020 are as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Salaries, allowances and benefits in kind	**3,738**	700
Equity-settled share option expense	**–**	31
Pension scheme contributions	**563**	53
	4,301	784

9. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

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

	Number of employees	
	Year ended 31 August 2021	Eight months ended 31 August 2020
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
	4	2

In 2018, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 August 2021 and the eight months ended 31 August 2020 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year/period.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year ended 31 August 2021 and the eight months ended 31 August 2020. The major components of income tax expense of the Group are as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Current – Mainland China		
Corporate income tax for the year/period	**66,298**	28,417
LAT for the year/period	**–**	2,333
Underprovision/(overprovision) of corporate income tax in prior years, net	**(884)**	16,872
Current – Malaysia		
Corporate income tax for the year/period	**11,258**	–
Underprovision of corporate income tax in prior years, net	**67**	–
Deferred (note 29)	**(9,393)**	(1,222)
Total tax charged for the year/period	**67,346**	46,400

10. INCOME TAX *(Continued)*

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

	Notes	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Profit before tax		**672,466**	165,749
Less: Losses from/(profit generated by) companies incorporated in the Cayman Islands*		**(425,899)**	35,029
Profit before tax by the Group other than the Company		**246,567**	200,778
Tax or notional tax at the respective statutory tax rates:			
– PRC subsidiaries, at 25%		**61,553**	50,863
– Hong Kong subsidiary, at 16.5%		**(4,784)**	(441)
– Malaysia subsidiary, at 24%		**7,044**	–
Lower tax rate for specific provinces or enacted by local authorities	(a)	**(45,805)**	(19,277)
Profits not subject to tax	(b)	**(18,740)**	(2,999)
Losses attributable to joint ventures and an associate		**63,308**	36
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries		**6,026**	–
Effect on opening deferred tax of decrease in rates		**(5,687)**	–
Adjustments in respect of current tax of previous years		**(817)**	16,872
Tax losses utilised from previous years		**(1,426)**	(3,306)
Provision of PRC LAT		**–**	2,333
Tax effect on PRC LAT		**–**	(583)
Tax losses not recognised		**5,231**	2,494
Others		**1,443**	408
Tax charge at the Group's effective rate		**67,346**	46,400

* The profit from the Company and Tequ Mayflower Limited during the year mainly consisted of fair value gains on convertible bonds, foreign exchange gains, issue expenses of convertible bonds etc., which is not taxable or tax deductible pursuant to the rules and regulations of the Cayman Islands.

10. INCOME TAX *(Continued)*

Notes:

(a) According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain subsidiaries that are located in Sichuan Province and engaged in the encouraged business are entitled to a preferential CIT rate of 15%. WFOE was established in Horgos, Xinjiang, the PRC and is exempted from income tax for the first five years since 2018 in accordance with the preferential tax rules. Therefore, WFOE will be subject to PRC corporate income tax at a rate of 25% after 2023.

(b) According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatments as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant authorities under the State Council. Up to the date of approval of these financial statements, no separate policies, regulations or rules have been promulgated by such authorities in this regard. During the year ended 31 August 2021, no corporate income tax was provided on the income from the provision of formal education services by the PRC Private Schools of the Group, which have been elected to be private schools requiring reasonable returns. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained therefrom, these PRC Private Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatment. As a result, no income tax expense was recognised for the income from the provision of formal educational services during the year for these schools. The non-academic education services provided by these schools are subject to corporate income tax at a rate of 25%.

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

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

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures. The Group has estimated and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC laws and regulations. The LAT provision is subject to final review and approval by the local tax bureau.

11. DIVIDENDS

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Proposed final – HK4 cents (2020: HK0.98 cents) per ordinary share	**259,908**	60,378

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	605,505	119,224
Less: Fair value gains on convertible bonds	(375,954)	–
Profit attributable to ordinary equity holders of the Company, before fair value gains on convertible bonds used in the diluted earnings per share calculation	229,551	119,224

		Number of shares	
	Notes	Year ended 31 August 2021	Eight months ended 31 August 2020
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation	(i)	7,610,738,110	6,736,441,569
Effect of dilution – weighted average number of ordinary shares:	(ii)		
Share options		134,596,655	162,420,837
Convertible bonds		272,275,741	–
Weighted average number of ordinary shares used in the diluted earnings per share calculation		8,017,610,506	6,898,862,406

Notes:

(i) The weighted average number of 7,610,738,110 ordinary shares in issue during the year has been adjusted to reflect the new shares issue as set out in note 30 to the financial statements (For the eight months ended 31 August 2020: 6,736,441,569 ordinary shares in issue during the eight months ended 31 August 2020).

(ii) The weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2021							
At 1 September 2020:							
Cost	–	4,555,983	357,392	10,999	329,356	572,715	5,826,445
Accumulated depreciation	–	(361,190)	(194,579)	(5,368)	(200,158)	–	(761,295)
Net carrying amount	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150
At 1 September 2020, net of accumulated depreciation	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150
Additions	–	5,565	86,486	5,242	51,176	1,351,610	1,500,079
Acquisition of subsidiaries (note 33)	95,343	1,774,028	71,983	3,147	70,674	139,094	2,154,269
Disposals	–	(17)	(1,054)	(56)	(422)	(4,808)	(6,357)
Depreciation provided during the year	–	(121,942)	(63,422)	(3,499)	(66,979)	–	(255,842)
Depreciation capitalised (note 14)	–	–	–	–	–	3,445	3,445
Impairment	–	(1,635)	(901)	(46)	(1,371)	–	(3,953)
Transfers	–	972,476	–	–	2,649	(975,125)	–
Exchange realignment	(4,544)	(25,134)	(184)	(42)	(786)	(129)	(30,819)
At 31 August 2021, net of accumulated depreciation and impairment	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972
At 31 August 2021:							
Cost	90,799	7,401,080	527,132	26,488	508,076	1,086,802	9,640,377
Accumulated depreciation	–	(601,345)	(270,529)	(16,066)	(322,594)	–	(1,210,534)
Accumulated impairment	–	(1,601)	(882)	(45)	(1,343)	–	(3,871)
Net carrying amount	90,799	6,798,134	255,721	10,377	184,139	1,086,802	8,425,972

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

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2020							
At 1 January 2020:							
Cost	–	4,218,451	343,178	8,007	316,518	321,715	5,207,869
Accumulated depreciation	–	(300,561)	(165,756)	(4,589)	(172,991)	–	(643,897)
Net carrying amount	–	3,917,890	177,422	3,418	143,527	321,715	4,563,972
At 1 January 2020, net of accumulated depreciation	–	3,917,890	177,422	3,418	143,527	321,715	4,563,972
Additions	–	84,273	20,373	4,141	21,729	505,398	635,914
Disposals	–	(3,282)	(1,025)	(560)	(2,026)	–	(6,893)
Depreciation provided during the period	–	(60,633)	(33,957)	(1,368)	(34,032)	–	(129,990)
Depreciation capitalised (note 14)	–	–	–	–	–	2,147	2,147
Transfers	–	256,545	–	–	–	(256,545)	–
At 31 August 2020, net of accumulated depreciation	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150
At 31 August 2020:							
Cost	–	4,555,983	357,392	10,999	329,356	572,715	5,826,445
Accumulated depreciation	–	(361,190)	(194,579)	(5,368)	(200,158)	–	(761,295)
Net carrying amount	–	4,194,793	162,813	5,631	129,198	572,715	5,065,150

Notes:

(a) As at 31 August 2021, the Group was in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB2,387,034,000 (at 31 August 2020: RMB1,758,167,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) As at 31 August 2021, certain of the Group's property, plant and equipment with a net carrying amount of RMB140,432,000 (at 31 August 2020: RMB380,446,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

(c) Impairment recognised during the year related to impairment of leasehold improvements and equipment and fittings which were allocated to the Global Education segment for INTI International College Kuala Lumpur Sdn. Bhd. following the decision to close down the campus effective from July 2022. The recoverable amount of impaired assets amounted to nil as at 31 August 2021.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, school campuses, dormitories and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the governments with lease periods of 20 to 900 years, and no ongoing payments will be made under the terms of these land leases. Leases of dormitories generally have lease terms between 11 and 12 years, while motor vehicles generally have lease terms within 2 years and equipments have lease terms of 4 years. Leases of school campuses generally have lease terms from 1 to 26 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year/period are as follows:

	Prepaid land lease payments RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2020	1,037,922	98,019	38,021	135	–	1,174,097
Additions	82,392	30	801	–	1,715	84,938
Acquisition of subsidiaries (note 33)	192,787	186	25,367	–	2,127	220,467
Depreciation charged to profit or loss during the year	(28,756)	(13,160)	(23,971)	(63)	(569)	(66,519)
Depreciation capitalised	(3,445)	–	–	–	–	(3,445)
Impairment	–	–	–	–	(110)	(110)
Adjustment due to lease modification	–	–	(137)	–	(1,365)	(1,502)
Exchange realignment	(1,371)	(5)	(1,044)	–	(94)	(2,514)
As at 31 August 2021	1,279,529	85,070	39,037	72	1,704	1,405,412
As at 1 January 2020	1,004,072	106,671	52,420	177	–	1,163,340
Additions	248,154	–	–	–	–	248,154
Disposal of a subsidiary	(195,664)	–	–	–	–	(195,664)
Depreciation charged to profit or loss during the year	(16,493)	(8,652)	(14,399)	(42)	–	(39,586)
Depreciation capitalised	(2,147)	–	–	–	–	(2,147)
As at 31 August 2020	1,037,922	98,019	38,021	135	–	1,174,097

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right-of-use assets (Continued)

Notes:

(i) As at 31 August 2021, the Group's prepaid land lease payments with a net carrying amount of approximately RMB55,995,000 (31 August 2020: RMB44,842,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

(ii) Impairment related to the lease of equipment which was allocated to the Global Education segment arose from INTI International College Kuala Lumpur Sdn. Bhd. following the decision to close down the campus effective from July 2022. The recoverable amount of the impaired equipment amounted to nil as at 31 August 2021.

(b) Lease liabilities

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

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Carrying amount at beginning of the year/period	149,094	160,487
New leases	2,893	–
Acquisition of subsidiaries (note 33)	51,222	–
Accretion of interest recognised during the year/period	11,317	6,476
Lease modification	(1,716)	–
Covid-19-related rent concession from a lessor	(1,927)	–
Payments	(37,284)	(17,869)
Exchange realignment	(2,204)	–
Carrying amount at end of the year/period	171,395	149,094
Analysed into:		
Current portion	30,927	28,965
Non-current portion	140,468	120,129

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

As disclosed in note 2.2 to the financial statements, the Group has early adopted the amendment to IFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessor for leases of school campus during the year.

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Interest on lease liabilities	**11,317**	6,476
Depreciation charge on right-of-use assets	**66,519**	39,586
Expense relating to short-term leases (included in cost of sales and administrative expenses)	**4,361**	694
Covid-19-related rent concession from a lessor	**(1,927)**	–
Gains on early termination of lease arrangement	**(214)**	–
Impairment loss of right-of-use assets	**110**	–
Total amount recognised in profit or loss	**80,166**	46,756

(d) The total cash outflow for leases is disclosed in note 37(b) to the financial statements.

The Group as a lessor

The Group leased certain schools' spaces and buildings under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB13,699,000 (For the eight months ended 31 August 2020: RMB13,028,000), details of which are included in note 5 to the financial statements.

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
Within one year	**8,983**	21,895
After one year but within two years	**2,567**	5,806
After two years but within three years	**1,975**	2,233
After three years but within four years	**1,481**	2,315
After four years but within five years	**555**	1,979
After five years	**6,211**	8,270
	21,772	42,498

15. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

	31 August 2021 RMB'000	31 August 2020 RMB'000
Interests in land held for property development	142,592	145,022

The Group's interests in land use rights for property development were in respect of prepayments for the rights to use certain pieces of land situated in Mainland China over fixed periods and held under leases with terms of 40 to 70 years.

16. INVESTMENT PROPERTY

The Group's investment property is a freehold land in Malaysia owned by INTI Group. As at 31 August 2021, the fair value of the investment property was estimated to be approximately RMB39,000,000. The valuation was performed by Jones Lang Wootton, independent professionally qualified valuer. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The valuation was determined using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre. The fair value measurement hierarchy of the investment property requires certain significant unobservable inputs (Level 3).

17. OTHER INTANGIBLE ASSETS

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangements to operate independent colleges (Note (ii)) RMB'000	Licences to operate under-graduate institutions (Note (iii)) RMB'000	Total RMB'000
31 August 2021					
Cost at 1 September 2020, net of accumulated amortisation	–	34,266	91,916	86,109	212,291
Additions	–	14,291	–	–	14,291
Acquisition of subsidiaries (note 33)	156,536	14,049	–	505,373	675,958
Disposals	–	(3,640)	–	–	(3,640)
Derecognised during the year (note (ii))	–	–	(77,183)	–	(77,183)
Amortisation provided during the year	–	(7,584)	(3,412)	(6,047)	(17,043)
Exchange realignment	(7,461)	(102)	–	–	(7,563)
At 31 August 2021	149,075	51,280	11,321	585,435	797,111
At 31 August 2021					
Cost	149,075	80,626	17,438	593,995	841,134
Accumulated amortisation	–	(29,346)	(6,117)	(8,560)	(44,023)
Net carrying amount	149,075	51,280	11,321	585,435	797,111

17. OTHER INTANGIBLE ASSETS *(Continued)*

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangements to operate independent colleges (Note (ii)) RMB'000	Licences to operate under-graduate institutions (Note (iii)) RMB'000	Total RMB'000
31 August 2020					
Cost at 1 January 2020, net of accumulated amortisation	–	36,437	94,754	87,785	218,976
Additions	–	1,540	–	–	1,540
Amortisation provided during the period	–	(3,711)	(2,838)	(1,676)	(8,225)
At 31 August 2020	–	34,266	91,916	86,109	212,291
At 31 August 2020					
Cost	–	55,358	117,438	88,622	261,418
Accumulated amortisation	–	(21,092)	(25,522)	(2,513)	(49,127)
Net carrying amount	–	34,266	91,916	86,109	212,291

Notes:

(i) Trade name acquired through the acquisition of INTI Group is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 18 to the financial statements.

(ii) The net carrying amount of the cooperation arrangements to operate independent colleges and the original contractual periods of operation of such colleges were as follows:

	31 August 2021 RMB'000	31 August 2020 RMB'000	Original contractual period
Jinci College of Shanxi Medical University	**11,321**	12,198	20 years
Guizhou Qiannan Economic College	**–**	79,718	30 years
	11,321	91,916	

On 31 May 2021, Guizhou Qiannan Economic College had completed the conversion of an independent college into a full private university, contributing to the derecognition of the cooperation arrangement to operate an independent college amounting to RMB77,183,000, which was recognised in current year's profit or loss.

17. OTHER INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(iii) The licences to operate undergraduate institutions are amortised on the straight-line basis over their estimated useful life by considering the expected usage of the assets and legal or similar limits on the use of the assets. The net carrying amount of these licences and the estimated useful lives were as follows:

	31 August 2020 RMB'000	Estimated useful life
Yinchuan University of Energy	83,595	35 years
College of Science and Technology	248,997	46 years
Pioneer College	252,843	49 years
	585,435	

18. GOODWILL AND INTANGIBLE ASSET WITH INDEFINITE USEFUL LIFE

The carrying amounts of goodwill as at 31 August 2021 and 2020 are as follows:

	31 August 2021 RMB'000	31 August 2020 RMB'000
Cost and net carrying amount at beginning of the year/period	**590,456**	590,456
Acquisition of subsidiaries (note 33)	**690,749**	–
Exchange realignment	**(9,665)**	–
Cost and net carrying amount at end of the year/period	**1,271,540**	590,456

The carrying amount of trade name with indefinite useful life as at 31 August 2021 was set out in note 17.

18. GOODWILL AND INTANGIBLE ASSET WITH INDEFINITE USEFUL LIFE *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life

Goodwill and trade name acquired through business combinations is allocated to the following cash-generating units ("CGU") for impairment testing:

- Sichuan Tianyi College cash-generating unit ("Tianyi College CGU");
- Jinci College of Shanxi Medical University cash-generating unit ("Jinci College CGU");
- Sichuan TOP IT Vocational Institute cash-generating unit ("TOP Institute CGU");
- Yinchuan University of Energy cash-generating unit ("Yinchuan Energy CGU");
- Suzhou Top Institute cash-generating unit ("Suzhou Top CGU");
- Inti Education Holdings Sdn. Bhd. and its subsidiaries cash-generating unit ("INTI Group CGU");
- Nanchang Vocational Institute ("Nanchang Institute CGU");
- Jinken College cash-generating unit ("Jinken College CGU");
- Pioneer College cash-generating unit ("Pioneer College CGU"); and
- College of Science and Technology cash-generating unit ("ST College CGU").

18. GOODWILL AND INTANGIBLE ASSET WITH INDEFINITE USEFUL LIFE *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life *(Continued)*

The carrying amount of goodwill and trade name allocated to each CGU at the end of the reporting period is as follows:

	31 August 2021 RMB'000	31 August 2020 RMB'000
Tianyi College CGU	36,865	36,865
Jinci College CGU	16,311	16,311
TOP Institute CGU	427,967	427,967
Yinchuan Energy CGU	10,795	10,795
Suzhou Top CGU	98,518	98,518
INTI Group CGU	342,184	–
Nanchang Institute CGU	38,122	–
Jinken College CGU	354,588	–
Pioneer College CGU	68,846	–
ST College CGU	26,419	–
	1,420,615	590,456

The recoverable amount of each of the above CGUs had been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The long term growth rates used to extrapolate the cash flows of the above CGUs during the terminal period are 0% and the inflation rate is 2% for INTI Group CGU and 3% for other CGUs.

Assumptions were used in the value-in-use calculation of each of the above CGUs for 31 August 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – The budgeted revenue is based on the historical data and management's expectation on the future market. It mainly consists of the budgeted tuition and boarding fees, which are dependent on the number of students and the unit price of tuition and boarding fees.

Budgeted EBIT – The basis used to determine the value assigned to the budgeted earnings before interest and taxes ("EBIT") is the average EBIT achieved in the year/period immediately before the budget year, increased for expected efficiency improvements, and expected market development.

18. GOODWILL AND INTANGIBLE ASSET WITH INDEFINITE USEFUL LIFE *(Continued)*

Impairment testing of goodwill and intangible asset with indefinite useful life *(Continued)*

Pre-tax discount rate – The pre-tax discount rate reflects the risks relating to the relevant CGUs, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the PRC education industry. The pre-tax discount rate used in the value-in-use calculation for each CGU is as follows:

	31 August 2021	31 August 2020
Tianyi College CGU	**14%**	16%
Jinci College CGU	**14%**	14%
TOP Institute CGU	**14%**	16%
Yinchuan Energy CGU	**14%**	14%
Suzhou Top CGU	**14%**	14%
INTI Group CGU	**18%**	N/A
Nanchang Institute CGU	**14%**	N/A
Jinken College CGU	**14%**	N/A
Pioneer College CGU	**14%**	N/A
ST College CGU	**14%**	N/A

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

The directors have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amounts of the respective CGUs then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amounts of the respective CGUs, would still exceed their respective carrying amounts.

19. INVESTMENTS IN JOINT VENTURES

	31 August 2021 RMB'000	31 August 2020 RMB'000
Share of net assets	286,750	196,098
Goodwill on acquisition	218,776	–
Unrealised gains from downstream transactions to joint ventures	(4,696)	–
	500,830	196,098

The Group's loans to the joint ventures is disclosed in note 36(b) to the financial statements.

Particulars of the Group's joint ventures are as follows:

Name	Registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
College of Science and Technology (Before 31 May 2021)	RMB200,000,000	The PRC/ Mainland China	100%	(i)	100%	Provision of higher education services
Gongqing College of Nanchang University	RMB216,468,000	The PRC/ Mainland China	100%	(ii)	100%	Provision of higher education services

(i) College of Science and Technology is accounted for as a joint venture even though the Group owned a 100% ownership interest and a 100% profit sharing right in College of Science and Technology. This is because in accordance with the articles of association of College of Science and Technology, all decisions about the relevant activities require the approval by a two-third majority of the members of the board of directors of College of Science and Technology. In accordance with the arrangement between Guizhou Jiexing Huilv Air Service Consultant Services Limited ("Jiexing Huilv") and Guizhou University, the board of directors of College of Science and Technology consists of seven directors, among whom four directors shall be appointed by Guizhou University while only three directors were appointed by Jiexing Huilv. Therefore, the Group is able to exercise joint control over College of Science and Technology of which the decisions about the relevant activities require the unanimous consent of the Group and Guizhou University.

On 31 May 2021, College of Science and Technology completed the conversion of an independent college into a full private college and the articles of association of College of Science and Technology were revised and enabled the Group to exercise control over College of Science and Technology. Upon the completion of the conversion, the Group consolidated College of Science and Technology and remeasured the previously held equity interest of College of Science and Technology at its acquisition date and recorded a gain amounting to RMB212,199,000 recognised in the current year's profit or loss.

(ii) Gongqing College of Nanchang University is accounted for as a joint venture even though the Group owned a 100% ownership interest and a 100% profit sharing right in Gongqing College of Nanchang University. This is because in accordance with the articles of association of Gongqing College of Nanchang University, all decisions about the relevant activities require the unanimous consent from all the members of the board of directors of Nanchang University, and only three directors were appointed by the Group among the nine members of the board of directors. Therefore, the Group is able to exercise joint control over Gongqing College of Nanchang University. The above investment is indirectly held by the Company.

19. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information in respect of College of Science and Technology as at 31 May 2021 (the date the Group obtained control of College of Science and Technology) and 31 August 2020 and Gongqing College of Nanchang University as at 31 August 2021, which are considered material joint ventures of the Group, reconciled to the carrying amount in the financial statements:

College of Science and Technology

	31 May 2021 RMB'000	31 August 2020 RMB'000
Cash and cash equivalents	5,738	12,928
Other current assets	20,186	17,716
Non-current assets	688,221	651,064
Contract liabilities	(18,192)	(7,233)
Other-current liabilities	(431,581)	(143,166)
Non-current liabilities	(161,134)	(335,211)
Net assets	103,238	196,098
Reconciliation to the Group's share of net assets of the joint venture:		
Proportion of the Group's ownership	100%	100%
Group's share of net assets of the joint venture	103,238	196,098
Unrealised gains from downstream transactions to a joint venture	(6,338)	–
Carrying amount of the investment	96,900	196,098

	Nine months ended 31 May 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Revenue	127,406	72,802
Interest income	31	2
Depreciation and amortisation	(18,542)	(16,324)
Finance costs	(12,645)	(14,536)
Fees for conversion of an independent college into a full private university	(265,464)	–
Loss and total comprehensive loss for the year/period	(242,860)	(144)

During the year, an amount of RMB265,464,000 was recognised as expenses in connection with the conversion of College of Science and Technology (for the eight months ended 31 August 2020: Nil).

19. INVESTMENTS IN JOINT VENTURES *(Continued)*

Gongqing College of Nanchang University

	31 August 2021 RMB'000
Cash and cash equivalents	72,850
Other current assets	22,329
Non-current assets, excluding goodwill	326,900
Goodwill on acquisition of the joint venture	218,776
Contract liabilities	(74,969)
Other-current liabilities	(60,360)
Net assets	505,526
Net assets, excluding goodwill	286,750
Reconciliation to the Group's share of net assets of the joint venture:	
Proportion of the Group's ownership	100%
Group's share of net assets of the joint venture, excluding goodwill	286,750
Goodwill on acquisition of the joint venture	218,776
Unrealised gains from downstream transactions to a joint venture	(4,696)
Carrying amount of the investment	500,830

	Period from the acquisition date of 9 April to 31 August 2021 RMB'000
Revenue	32,303
Interest income	16
Depreciation and amortisation	(8,929)
Finance costs	(230)
Profit for the period	790

20. INVESTMENT IN AN ASSOCIATE

	31 August 2021 RMB'000	31 August 2020 RMB'000
Share of net assets	293,491	–
Goodwill on acquisition	87,846	–
	381,337	–

Particulars of the Group's associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Dingli Corp., Ltd. ("Dingli")	Ordinary shares	The PRC/ Mainland China	8.75% (a)	(b)

Notes:

(a) In accordance with a voting rights proxy agreement entered into by the de facto controller of Dingli with the Group on 12 October 2020, the voting rights attached to 8% shareholdings of Dingli were entrusted to the Group ("Entrusted Voting Rights"). On the same day, the de facto controller of Dingli entered into an acting-in-concert agreement with the Group, pursuant to which, in relation to the Entrusted Voting Rights, the de facto controller of Dingli undertook to exercise his voting rights at the general meeting of Dingli in accordance with the decision made by the Group. If there are other matters beyond the Entrusted Voting Rights that require the de facto controller of Dingli to exercise a shareholder's voting rights, he shall exercise his voting rights at the general meeting of Dingli in accordance with the decision made by the Group. Hence, the Group holds in aggregate the voting rights of Dingli of approximately 16.75%.

(b) Dingli is principally engaged in the vocational education business and the provision of products and services for mobile communication network optimisation as well as internet of things service.

20. INVESTMENT IN AN ASSOCIATE *(Continued)*

On 25 January 2021, the Group acquired 8.75% equity interests of Dingli, whose A shares have been listed on the Shenzhen Stock Exchange, from the de facto controller of Dingli, an independent third party, at a total cash consideration of RMB392,500,000. Upon completion, the Company owns 8.75% equity interests in Dingli and Dingli becomes an associate and is accounted for using the equity method.

Further details of the acquisition have been set out in the announcements of the Company dated 12 October 2020 and 25 January 2021, and the circular in connection with the above acquisition dated 7 March 2021.

On 31 August 2021, the Group and Chengdu Pengyang Enterprise Management Consulting Limited which is a related party entered into the Sale and Purchase Agreement in relation to the disposal of the entire equity interests in Dingli. At the date of approval of these financial statements, the disposal is still subject to the approval of the shareholders meeting. Further details of the proposed disposal have been set out in the Company's announcement dated 31 August 2021 and circular dated 5 November 2021.

The following table illustrates the aggregate financial information of the Group's associate that is not material:

	Period from the acquisition date of 25 January to 31 August 2021 RMB'000
Share of the associate's profit/total comprehensive income	(11,163)
Carrying amount of the Group's investment in an associate	381,337

21. TRADE RECEIVABLES

	31 August 2021 RMB'000	31 August 2020 RMB'000
Tuition and boarding fee receivables	**126,106**	27,953

The outstanding receivables represent amounts due from students who have applied for the monthly instalment plan and amounts due from certain students who have applied for scholarships receivable from the government. There is no fixed term for the trade receivables. The trade receivables have no recent history of default. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
Within 1 month	**38,250**	2,034
1 to 2 months	**1,322**	107
2 to 3 months	**9,284**	6,558
Over 3 months	**77,250**	19,254
	126,106	27,953

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. No expected credit losses were provided as it is assessed the overall expected credit loss rate for the above financial assets measured at amortised cost is minimal.

None of the above trade receivables is either past due or impaired.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
Current portion:			
Loans to third parties	(a)	576,551	707,551
Interest receivables from third parties	(a)	138,701	95,469
Cash in transit	(b)	84,621	37,534
Prepayments for management fees	7(i)	1,531	1,567
Prepaid expenses		29,451	12,706
Deposits		28,031	14,037
Staff advances		6,112	3,530
Interest receivable from time deposits		13,038	4,354
Amounts due from the local finance department	(c)	96,631	–
Other receivables		41,411	32,387
		1,016,078	909,135
Non-current portion:			
Prepayments for property, plant and equipment		26,927	19,569
Prepayments for acquisitions	(d)	412,955	291,288
Prepayments for land lease payments		419,508	25,000
		859,390	335,857
		1,875,468	1,244,992

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes:

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

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
Guixi Property	(i)		
Principal		446,550	446,550
Interest receivables		115,353	81,548
		561,903	528,098
Luohe City Yancheng District Songjiang Investment Development Co., Ltd.		–	87,000
An independent third party	(ii)		
Principal		60,000	–
Interest receivables		253	–
		60,253	–
Zhongsheng Real Estate	(iii)		
Principal		70,001	174,001
Interest receivables		23,095	13,921
		93,096	187,922
		715,252	803,020

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(a) Loans to third parties and interest receivables from third parties consisted of: *(Continued)*

(i) Loans of RMB446,550,000 to Chengdu Wuhou Guixi Property Development Company Limited ("Guixi Property"), a company controlled by the previous ultimate shareholder of Sichuan TOP IT Vocational Institute, which bear interest at a fixed rate of 7.5% per annum and will become mature within two years from the date when the loans were granted. The interest is paid half-yearly, and the principal of the loans will be repaid in a lump sum as the loans become mature. The loans are secured by the pledge of buildings and certain car parks (the "Collaterals") belonging to Guixi Property.

As at 31 August 2021, the principal of the loans of RMB446,550,000 and interest receivables with the amount of RMB115,353,000 arising from the loans have been past due. The Group does not recognise any ECLs as the fair value of the Collaterals held by the Group as at 31 August 2021 over the principal loans and the interest receivables of approximately RMB1,079,776,000 is significantly higher than the aggregate amount of the loans and the interest receivables. The fair value of the Collaterals is determined by an independent qualified valuer. The Group has taken actions in recovering the loans and interest receivables through the Collaterals.

(ii) The balance represented a loan to an independent third party, a potential acquiree of the Group, which bears interest at a fixed rate of 8% per annum.

(iii) The balance represented a loan to Chongqing Zhongsheng Real Estate Development Company Limited ("Zhongsheng Real Estate"), a former subsidiary of the Group, which bears interest at a fixed rate of 8% per annum. The loan and interest receivable are secured by 100% equity interests in Zhongsheng Real Estate.

(b) The cash in transit represents the fees collected via third party online payment service providers at the end of the reporting period, which have yet to be transferred to the banks of the Group.

(c) Amounts due from the local finance department represented the receipt of tuition and boarding fees for the new fall semester by Pioneer College, which needed to be transferred to the local finance department upon receipt and Pioneer College will apply to the local finance department for the return later. Amounts due from local finance department of RMB96,631,000 have been received in September 2021.

(d) The balance at 31 August 2021 represented the prepayments for the acquisitions of certain potential sponsor rights in schools and certain equity interests in the sponsor whom own the sponsor rights over schools. The balance at 31 August 2021 is interest-free.

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

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
Cash and bank balances		4,534,404	3,127,988
Time deposits with original maturity of over three months		280,000	280,000
		4,814,404	3,407,988
Less:			
Pledged deposits for:			
Bank loans – current	27(a)	(12,823)	–
Bank loans – non-current	27(a)	(260,000)	(260,000)
Performance guarantee	(i)		
Current		(8,000)	(12,000)
Non-current		–	(8,000)
Restricted bank balances in escrow accounts	(ii)		
Current		(130,553)	(50,000)
Non-current		(36,083)	(179,851)
Other restricted bank balances – current		(9,658)	(3,700)
Total pledged and restricted deposits		(457,117)	(513,551)
Cash and cash equivalents		4,357,287	2,894,437

Notes:

(i) Pledged deposits for performance guarantee mainly consisted of deposits pledged for the performance guarantee of the construction of new campus in Sichuan Province and will be released from pledged deposits according to the construction progress.

(ii) The amounts represent government grants received from relating authorities and placed into escrow accounts for the construction of new campuses and procurement of school equipment in Jiangxi Province. Among the restricted bank balances, RMB130,000,000 government grant received (note 26) and interest income arising thereon of RMB553,000 was expected to be released from the escrow accounts and repaid to the government following the termination of the construction of a new campus. The remaining RMB36,083,000 will be released from the escrow account when the school enrolment starts, which is expected to be after 31 August 2022.

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS *(Continued)*

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
RMB	**3,885,035**	1,163,042
Hong Kong dollar ("HK$")	**14,867**	1,071,622
Malaysian ringgit ("RM")	**153,687**	33
United States dollar ("US$")	**760,796**	1,173,291
Thailand Baht ("THB")	**19**	–
Cash and bank balances	**4,814,404**	3,407,988

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposits are made for two to three years and earn interest at the deposit rates ranging from 2.94% to 4.20% per annum (31 August 2020: 2.94% to 4.20%). The bank balances, pledged and restricted deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
Within 1 month	**28,756**	17,795
1 to 2 months	**6,260**	3,450
2 to 3 months	**1,788**	1,300
Over 3 months	**20,905**	15,028
	57,709	37,573

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

25. OTHER PAYABLES AND ACCRUALS

	Notes	31 August 2021 RMB'000	31 August 2020 RMB'000
Current portion:			
Payables for purchase of property, plant and equipment		911,724	567,349
Payables for the acquisition of equity interests	(v)	686,629	63,000
Miscellaneous advances received from students	(i)	170,780	74,498
Accrued bonuses and other employee benefits		119,357	89,018
Government scholarship		96,385	56,671
Payables for purchase of teaching materials and operating expenditure		27,754	39,084
Payables for management fees	7(i)	54,380	7,709
Construction deposits		52,540	38,916
Other taxes payable		113,961	51,366
Other payables and accrued expenses		255,510	244,178
Construction loan from the Mianzhu Education Bureau	(ii)	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	(iii)	76,698	–
Payables for government grant related to assets	(iv)	130,000	–
Deposits refundable		17,716	–
		2,789,266	1,307,621
Non-current portion:			
Payables for the acquisition of equity interests		–	303,360
Payables for conversion of certain independent colleges into fully private colleges	(iii)	609,288	–
Other payables	(vi)	10,164	9,501
		619,452	312,861
		3,408,718	1,620,482

25. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes:

(i) The advances received from students represented expenses relating to textbooks, military training, medical examination, insurance, etc. collected from students which will be paid out on behalf of students.

(ii) Sichuan Tianyi College obtained an interest-free and non-repayable construction loan from the Mianzhu Education Bureau in 2015.

(iii) The amount includes fees payable for conversions of Guizhou Qiannan Economic College and College of Science and Technology from independent colleges into fully private colleges. Included in the amount of RMB609,288,000 which is payable above twelve months and is presented as non-current liabilities as at 31 August 2021 (31 August 2020: Nil). During the year, an amount of RMB412,300,000 was recognised as other expenses in connection with the conversion of Guizhou Qiannan Economic College and an amount of RMB265,464,000 was recognised as share of losses of joint ventures in connection with the conversion of College of Science and Technology which was accounted for as a joint venture before the conversion (for the eight months ended 31 August 2020: Nil).

(iv) Payables for government grant related to assets amounted to RMB130,000,000 had been repaid to the government for the termination of the construction of a new campus during the subsequent period.

(v) 51% of the equity interest in Inner Mongolia Pu Rui Chen Education Technology Co., Ltd. and 50% of the equity interest in Nanjing Jinken were pledged for the payables for the acquisition of equity interests.

(vi) The non-current other payables mainly represent the liabilities to Nanchong No.19 Middle School for the purchase of fixed assets and are measured at amortised cost.

26. DEFERRED INCOME

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Government grants related to assets		
At beginning of the year/period	**1,264,163**	1,083,402
Government grants received	**280,882**	188,228
Acquisition of subsidiaries (note 33)	**54,760**	–
Released to profit or loss	**(11,553)**	(7,467)
Reclassified to other payable (note 23 (ii))	**(130,000)**	–
At end of the year/period	**1,458,252**	1,264,163
Current	**14,063**	11,498
Non-current	**1,444,189**	1,252,665
	1,458,252	1,264,163
Government grants related to expense items		
At beginning of the year/period	**26,185**	21,816
Government grants received	**10,965**	6,880
Acquisition of subsidiaries (note 33)	**493**	–
Released to profit or loss	**(6,746)**	(2,511)
At end of the year/period – current	**30,897**	26,185

Deferred income related to assets mainly represents the government grants received for subsidies relating to the construction of certain buildings. These grants related to assets are released to profit or loss as other income over the expected useful lives of the relevant assets.

Deferred income related to expense items refers to government grants received for the purpose of subsidising-teaching related operating costs incurred during the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 August 2021			31 August 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.35-5.2	2021	35,000	4.35-6.00	2020-2021	493,570
Bank loans – secured	–	On demand	3,570	8.55	On demand	82,495
Bank loans – unsecured	4.8	2021	28,635	–	–	–
Other borrowings – guaranteed	–	–	–	–	On demand	8,000
Other borrowings – secured	10.33	2021	30,015	–	–	–
Current portion of						
– Long term bank loans – secured	4.75-6.5	2021-2022	189,692	4.75-7.06	2020-2021	685,997
– Syndicated loan – secured	LIBOR+2.6	2021	1,601,675	–	–	–
– Other borrowings – secured	7.00-14.50	2021-2022	251,809	7.00-7.50	2020-2021	173,271
			2,140,396			1,443,333
Non-current						
Bank loans – secured	4.34-6.5	2022-2025	681,957	4.34-7.06	2021-2025	1,183,839
Other borrowings – secured	7.00-14.50	2022-2023	288,149	7.00-7.50	2021-2023	486,233
			970,106			1,670,072
			3,110,502			3,113,405

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	31 August 2021 RMB'000	31 August 2020 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**1,858,572**	1,262,062
In the second year	**435,157**	501,689
In the third to fifth years, inclusive	**246,800**	682,150
	2,540,529	2,445,901
Other borrowings repayable:		
Within one year	**281,824**	181,271
In the second year	**288,149**	222,233
In the third to fifth years, inclusive	**–**	264,000
	569,973	667,504
	3,110,502	3,113,405

Notes:

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
RMB	**1,505,522**	3,113,405
RM	**3,305**	–
US$	**1,601,675**	–
	3,110,502	3,113,405

Subsequent to the reporting year, the Group has fully repaid the syndicated loan of RMB1,601,675,000 with original maturity in October 2023. The Group recorded such loan as current liability as at 31 August 2021.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

The Group's bank and other borrowings are secured by:

(a) Mortgages over the following assets:

(i) Certain of the Group's non-current assets are pledged for bank loans of RMB119,830,000 as at 31 August 2021 (31 August 2020: RMB157,500,000):

	31 August 2021 RMB'000	31 August 2020 RMB'000
Net book amount of:		
Property, plant and equipment (note 13(b))	**140,432**	380,446
Prepaid land lease payments (note 14(a))	**55,995**	44,842
	196,427	425,288

(ii) Buildings and car parks of third parties:

As at 31 August 2021, the buildings and car parks owned by the former shareholders of Nanjing Jinken Construction and Installation Work Limited Company (南京金肯建築安裝工程有限公司，"Nanjing Jinken") and their relatives, were pledged for the bank and other loans of the Group totaling RMB94,716,000 assumed from the acquisition (31 August 2020: Nil).

(iii) The Company's time deposit amounting to RMB260,000,000 (note 23) as at 31 August 2021 (31 August 2020: RMB260,000,000) was pledged for the bank loans of the Group amounting to RMB250,000,000 (31 August 2020: RMB250,000,000) and deposits amounting RMB12,823,000 (note 23) were set aside as security for the payment of a three-month principal and/or interest payable arising from the bank loan of the Group amounting to RMB1,604,980,000 (31 August 2020: Nil).

(b) Pledges of equity interests in the following subsidiaries to secure the bank loans granted to the Group:

(i) 100% of the equity interest in Top Education has been pledged for the bank loans of RMB364,000,000 as at 31 August 2021 (31 August 2020: RMB424,000,000);

(ii) 100% of the equity interest in Sichuan Guojian Investment Limited, the guarantee granted by Hope Education, and the rights over tuition fees of Southwest Jiaotong University Hope College have been provided or pledged to China National Investment and Guaranty Corporation to counter-guarantee the corporate guarantee provided by China National Investment and Guaranty Corporation in relation to the Group's asset-backed securities borrowings of RMB185,000,000 as at 31 August 2021 (31 August 2020: RMB302,000,000).

(iii) 100% of the equity interests in Shanghai Pumeng Zhichuan Education Technology Co., Ltd. and Kunshan Xinwei Education Investment & Development Co., Ltd. have been pledged for bank loans of RMB134,400,000 as at 31 August 2021 (31 August 2020: RMB192,000,000).

(iv) 100% of the equity interest in Hope Education Group (Hong Kong) Co., Ltd. has been pledged for the bank loans of RMB1,601,675,000 as 31 August 2021 (31 August 2020: Nil).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(c) The rights over tuition or boarding fees of the following schools:

	Loan amount	
	31 August 2021 RMB'000	31 August 2020 RMB'000
Sichuan Tianyi College	**38,264**	96,796
Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Guizhou Qiannan Economic College Sichuan Vocational College of Culture & Communication	**–**	300,000
Southwest Jiaotong University Hope College	**185,000**	302,000
Sichuan TOP IT Vocational Institute	**364,000**	424,000
Jinci College of Shanxi Medical University	**–**	249,040
Yinchuan University of Energy	**–**	17,500
Suzhou Top Institute, Kunshan Technical School	**134,400**	192,000
College of Science and Technology of Guizhou University	**232,000**	282,000
Jinken Vocational and Technical College	**48,076**	–
	1,001,740	1,863,336

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

	Loan amount	
	31 August 2021 RMB'000	31 August 2020 RMB'000
Related parties' guarantees		
– Tequ Education and Mr. Wang Huiwu	**–**	50,000
– Mr. Wang Huiwu	**134,400**	392,000
	134,400	442,000
Former shareholders of Nanjing Jinken	**332,420**	–
	466,820	442,000

28. CONVERTIBLE BONDS

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
At beginning of the year/period	–	–
Issue during the year/period	2,259,775	–
Change in fair value credited to profit or loss	(375,954)	–
Foreign exchange loss charged to profit or loss	9,068	–
At end of the year/period	1,892,889	–

On 2 March 2021, Tequ Mayflower Limited, a wholly-owned subsidiary of the Company completed the issue of Zero Coupon guaranteed convertible bonds (the "Bonds") with the aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,259,775,000) with a maturity date on 2 March 2026.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company on or after 12 April 2021 to the close of business on the seventh day prior to the maturity date at an initial conversion price of HK$3.85 per share. The Bonds are redeemable at the option of the bondholders at 103.04 per cent. of the principal amount on 2 March 2024. Any convertible bonds not converted will be redeemed on 2 March 2026 at 105.11 per cent. of its principal amount.

The Group designated the convertible bonds (including the conversion option) as financial liabilities at fair value through profit or loss which are initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. The change in fair value that is attributed to change in credit risk is recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

The fair values of the convertible bonds were determined by an independent qualified valuer based on the binomial model for the year ended 31 August 2021.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year/period are as follows:

Deferred tax assets

	Lease liabilities RMB'000	Contract liabilities RMB'000	Accrued expenses RMB'000	Loss available for offsetting against future taxable profits RMB'000	Total RMB'000
Year ended 31 August 2021					
At beginning of the year	–	–	2,424	–	2,424
Deferred tax credited to profit or loss during the year	(6,033)	2,384	982	–	(2,667)
Acquisition of subsidiaries (note 33)	21,629	28,351	6,395	216	56,591
Exchange realignment	(906)	(1,399)	(250)	(11)	(2,566)
At end of the year	14,690	29,336	9,551	205	53,782
Eight months ended 31 August 2020					
At beginning of the period	–	–	1,404	–	1,404
Deferred tax credited to profit or loss during the period	–	–	1,020	–	1,020
At end of the period	–	–	2,424	–	2,424

29. DEFERRED TAX (Continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Accounting depreciation in short of tax depreciation RMB'000	Right-of-use assets RMB'000	Costs to obtain contracts RMB'000	Total RMB'000
Year ended 31 August 2021					
At beginning of the year	5,687	–	–	–	5,687
Deferred tax credited to profit or loss during the year	(6,315)	1,257	(6,365)	(637)	(12,060)
Acquisition of subsidiaries (note 33)	75,634	51,842	20,965	1,520	149,961
Exchange realignment	(3,592)	(2,498)	(865)	(60)	(7,015)
At end of the year	71,414	50,601	13,735	823	136,573
Eight months ended 31 August 2020					
At beginning of the period	5,889	–	–	–	5,889
Deferred tax credited to profit or loss during the period	(202)	–	–	–	(202)
At end of the period	5,687	–	–	–	5,687

29. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	31 August 2021 RMB'000	31 August 2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	31,382	2,424
Net deferred tax liabilities recognised in the consolidated statement of financial position	114,173	5,687

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 August 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, the Group's fund will be retained in Mainland China for the expansion of the Group's operations, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. At 31 August 2021, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB2,070,574,000 (31 August 2020: RMB1,689,224,000).

At 31 August 2021, the Group has unused tax losses arising in Mainland China from PRC entities and in Malaysia from INTI Group subject to income tax of RMB153,269,000 (31 August 2020: RMB34,334,000), which will expire in one to seven years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	31 August 2021 US$	31 August 2020 US$
Authorised:		
10,000,000,000 shares of US$0.00001 each (2020: 10,000,000,000 shares of US$0.00001 each)	100,000	100,000
Issued and fully paid:		
7,981,260,173 ordinary shares (31 August 2020: 7,229,881,918 ordinary shares) of US$0.00001 each	79,813	72,299
Equivalent to approximately	RMB541,863	RMB493,286

A summary of movements in the Company's issued capital is as follows:

	Notes	Number of shares in issue	Issued capital RMB
At 1 September 2020		7,229,881,918	493,286
Placing of shares	(i)	680,000,000	43,945
Share options exercised	(ii)	71,378,255	4,632
At 31 August 2021		7,981,260,173	541,863

Notes:

(i) On 2 March 2021, the Company issued placing shares at the price of HK$2.8 per placing share, resulting in the issue of 680,000,000 shares for a total cash consideration, before expenses, of HK$1,904,000,000 (equivalent to approximately RMB1,586,375,000).

(ii) The subscription rights attaching to 71,378,255 share options were exercised at the subscription price from HK$0.68 to HK$1.30 per share (note 31), resulting in the issue of 71,378,255 shares for a total cash consideration, before expenses, of HK$77,231,000 (equivalent to approximately RMB64,637,000). An amount of RMB25,178,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

31. SHARE OPTION SCHEME

On 18 March 2018, the Company adopted a share option scheme (the "2018 Pre-IPO Share Option Scheme") for the purpose of providing incentives to senior management, mid-level employees and staff who contribute to the success of the Group. The 2018 Pre-IPO Share Option Scheme became effective on 18 March 2018. The 2018 Pre-IPO Share Option Scheme expired on 3 August 2018, the date on which the shares of the Company first commenced trading on the Stock Exchange, after which period no further Pre-IPO Share Options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Pre-IPO Share Options which are granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(i) Movements in share options

The following share options were outstanding under the 2018 Pre-IPO Share Option Scheme during the year/period:

	Year ended 31 August 2021		Eight months ended 31 August 2020	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
At beginning of the year/period	**1.14**	**347,956,042**	1.13	446,422,454
Exercised during the year/period	**1.08**	**(71,378,255)**	1.11	(98,213,918)
Lapsed during the year/period	**–**	**–**	1.22	(252,494)
At end of the year/period	**1.16**	**276,577,787**	1.14	347,956,042

There are in total three tranches of share options under the 2018 Pre-IPO Share Option Scheme, namely tranche A ("Tranche A Options"), tranche B ("Tranche B Options") and tranche C ("Tranche C Options").

31. SHARE OPTION SCHEME *(Continued)*

(ii) Outstanding share options

The following table discloses the details of share options outstanding at 31 August 2021 and 31 August 2020:

	Number of share options				
	31 August 2021	31 August 2020	Exercise price per share HK$	Fair value per share RMB	Exercise period
Tranche A Options	**168,372**	2,707,731	0.6800	0.4427	30.1.2019 – 18.3.2038
Tranche B Options	**171,191,856**	232,000,428	1.0700	0.3542	30.1.2019 – 18.3.2038
Tranche C Options	**105,217,559**	113,247,883	1.3000	0.3133	30.1.2019 – 18.3.2038
	276,577,787	347,956,042			

The 71,378,255 share options exercised during the period resulted in the issue of 71,378,255 ordinary shares of the Company, by increasing issued capital and share premium by approximately RMB4,632 and RMB89,810,000, respectively as further detailed in note 30 to the financial statements, of which RMB25,178,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

At 31 August 2021, the Company had 276,577,787 share options outstanding under the 2018 Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 276,577,787 additional ordinary shares of the Company and additional share capital of US$2,766 (equivalent to approximately RMB17,890) and share premium of RMB265,866,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 260,723,491 share options outstanding under the 2018 Pre-IPO Share Option Scheme, which represented approximately 3.3% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity on page 139 of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time when the proposed dividend is to be paid.

Capital reserve

The capital reserve represents the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries.

Statutory surplus reserves

Pursuant to the relevant laws in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) the general reserve of the limited liability companies and (ii) the development fund of schools.

(i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(ii) According to the relevant PRC laws and regulations, private schools that require reasonable returns, are required to appropriate to the development fund not less than 25% of the net income of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

33. BUSINESS COMBINATIONS

(a) On 29 September 2020, the Group acquired a 100% equity interest in INTI, a company incorporated in Malaysia and engaged in the provision of higher education services. The purchase consideration was US$140,000,000 (equivalent to approximately RMB955,342,000).

The INTI Group was acquired to facilitate the Group to explore the development of its overseas presence and to realise the synergy between the domestic and foreign schools of the Group.

(b) On 21 October 2020, the Group acquired a 100% equity interest in Nanchang Dongmei Education Technology Co., Ltd. (南昌東美教育科技有限公司), which holds a 100% sponsor right in Nanchang Vocational Institute of Film and Television Communication, and a 100% sponsor right in Jiangxi Fanmei Art Secondary Professional School (collectively "Nanchang Schools"), from independent third parties at a consideration of RMB85,092,000.

(c) On 22 March 2021, the Group acquired a 100% sponsor right in Pioneer College, from an independent third party at a consideration of RMB500,000,000.

(d) On 28 April 2021, the Group acquired a 100% equity interest in Nanjing Jinken, which holds a 100% sponsor right in Jinken College, from independent third parties at a consideration of RMB333,000,000.

(e) As disclosed in note 19, College of Science and Technology have completed the conversion from an independent college to a full private college on 31 May 2021. Upon the completion of the conversion, College of Science and Technology became a fully controlled school of the Group.

The principal activities of the above newly acquired schools are disclosed in note 1 to the financial statements. The acquisition of these schools established in the PRC will further expand the Group's school network and coverage, increase the total number of students of the Group, improve profitability and will form strong synergy with other schools of the Group.

The acquisitions of the above schools have been accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in the INTI Group at the non-controlling interest's proportionate share of the INTI Group's identifiable net assets.

33. BUSINESS COMBINATIONS *(Continued)*

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

	Notes	INTI Group RMB'000	Nanchang Schools RMB'000	Pioneer College RMB'000	Jinken College RMB'000	College of Science and Technology RMB'000	Total RMB'000
Property, plant and equipment	13	668,529	100,765	404,279	376,433	604,175	2,154,181
Right-of-use assets	14	54,015	43,000	61,558	57,613	4,281	220,467
Other intangible assets	17	158,935	1,345	255,442	1,028	259,208	675,958
Investment properties		38,660	–	–	–	–	38,660
Deferred tax assets	29	26,593	–	–	–	–	26,593
Cash and bank balances		134,738	22,469	34,968	15,771	5,738	213,684
Pledged deposit		1,138	–	–	–	–	1,138
Trade receivables		33,802	2,040	–	6,027	222	42,091
Prepayments and other receivables		16,251	1,316	708	7,212	17,977	43,464
Due from the Group		–	–	–	2,000	87	2,087
Due from the related parties		–	–	–	–	1,899	1,899
Contract cost assets		6,433	–	–	–	–	6,433
Contract liabilities	5	(121,065)	(11,027)	(44,904)	(29,207)	(18,192)	(224,395)
Accruals and other payables		(75,818)	(88,938)	(87,801)	(23,396)	(402,177)	(678,130)
Due to the Group		–	(24,000)	(175,847)	(30,000)	(135,778)	(365,625)
Bank loans and other borrowings		(6,970)	–	(16,756)	(402,527)	–	(426,253)
Bank overdraft		(3,298)	–	–	–	–	(3,298)
Tax payables		(21,520)	–	–	–	–	(21,520)
Lease liabilities	14	(48,680)	–	–	(2,542)	–	(51,222)
Deferred income	26	–	–	(493)	–	(54,760)	(55,253)
Deferred tax liabilities	29	(119,963)	–	–	–	–	(119,963)
Total identifiable net assets at fair value		741,780	46,970	431,154	(21,588)	282,680	1,480,996
Non-controlling interests		10,788	–	–	–	–	10,788
		752,568	46,970	431,154	(21,588)	282,680	1,491,784

In the opinion of the Directors, the fair value of trade receivables, prepayments and other receivables as at the respective acquisition dates of the INTI Group amounted to RMB50,053,000. The total gross contractual amount of trade receivables, prepayments and other receivables of the INTI Group was RMB50,566,000, of which other receivables of RMB513,000 are expected to be uncollectible. All other acquired trade receivables, prepayments and other receivables as at the respective acquisition dates are expected to be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

The Group incurred transaction costs of RMB994,000 during the year ended 31 August 2021 and RMB3,301,000 during the period ended 31 August 2020 for the acquisition of the INTI Group. These transaction costs have been expensed and are included in other expenses in the profit or loss.

33. BUSINESS COMBINATIONS *(Continued)*

Goodwill arising from the above acquisitions:

	INTI Group RMB'000 (Unaudited)	Nanchang Schools RMB'000 (Unaudited)	Pioneer College RMB'000 (Unaudited)	Jinken College RMB'000 (Unaudited)	College of Science and Technology RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Consideration satisfied by:						
Cash	920,309	73,647	75,000	140,000	–	1,208,956
Prepayments in the prior year	35,033	–	100,000	–	–	135,033
Fair value of a previously held equity interest remeasured at the date of business combination	–	–	–	–	309,099	309,099
Other payables	–	11,445	325,000	193,000	–	529,445
Total consideration	955,342	85,092	500,000	333,000	309,099	2,182,533
Less: Net assets acquired	(752,568)	(46,970)	(431,154)	21,588	(282,680)	(1,491,784)
Goodwill/ (Provisional goodwill – Pioneer College)	202,774	38,122	68,846*	354,588	26,419	690,749

* The identifiable net assets for Pioneer College acquired should be subjected to the provisional rents from the lease of the school campus, which is still in the negotiation on the date of the approval of the financial statements. Therefore, the identifiable net assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 22 March 2022 (one year after the transaction).

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of acquirees with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

	INTI Group RMB'000 (Unaudited)	Nanchang Schools RMB'000 (Unaudited)	Pioneer College RMB'000 (Unaudited)	Jinken College RMB'000 (Unaudited)	College of Science and Technology RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Consideration settled by cash	(920,309)	(73,647)	(75,000)	(140,000)	–	(1,208,956)
Realised exchange gain	1,454	–	–	–	–	1,454
Cash and cash equivalents acquired	131,440	22,469	34,968	15,771	5,738	210,386
Net outflow of cash and cash equivalents included in cash flows from investing activities	(787,415)	(51,178)	(40,032)	(124,229)	5,738	(997,116)

33. BUSINESS COMBINATIONS *(Continued)*

Contributions to the Group's revenue and consolidated profit for the year ended 31 August 2021 since the respective acquisition dates are as follows:

	INTI Group RMB'000	Nanchang Schools RMB'000	Pioneer College RMB'000	Jinken College RMB'000	College of Science and Technology RMB'000	Total RMB'000
Revenue	316,627	17,095	45,847	31,457	17,130	428,156
Consolidated profit	18,123	5,629	7,098	1,563	(9,532)	22,881

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 August 2021 would have been increased by:

	INTI Group RMB'000	Nanchang Schools RMB'000	Pioneer College RMB'000	Jinken College RMB'000	College of Science and Technology RMB'000	Total RMB'000
Revenue	349,064	18,505	134,911	150,058	144,536	797,074
Consolidated profit/(loss)	22,128	5,484	22,401	(2,584)	*	47,429

* Before the acquisition, the Group owned a 100% ownership interest and a 100% profit sharing right in College of Science and Technology and accounted for it as an investment in a joint venture using the equity method. Total comprehensive income of College of Science and Technology had been recorded as share of loss in a joint venture in profit or loss.

34. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

On 9 April 2021, the Group acquired a 100% equity interest in Jiangxi Changzhen Industrial Co., Ltd. ("Jiangxi Changzhen"). The principal activity of Jiangxi Changzhen is investment holding. Jiangxi Changzhen held a 100% equity interest in Gongqing College of Nanchang University, which is accounted for as an investment in a joint venture (note 19).

The above acquisition has been accounted for as an acquisition of assets as this acquisition had no attribution of a business. The identified assets and liabilities acquired by the Group in the above acquisition were as follows:

	RMB'000
Cash and bank balances	3
Investment in a joint venture (note)	504,736
Other assets	348
Other liabilities	(5,087)
Total identified net assets at fair value	500,000
Satisfied by cash	500,000

34. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS *(Continued)*

An analysis of the cash flows in respect of the acquisition of the above subsidiary is as follows:

	RMB'000
Cash consideration paid during the year	(500,000)
Cash and cash equivalents acquired	3
Net outflow of cash and cash equivalents included in cash flows from investing activities	(499,997)

Note:

The fair value of the identified net assets of the joint venture on the acquisition date was RMB285,960,000, as determined by an independent external expert. The excess of the Group's cost of investment in a joint venture of RMB504,736,000 over the share of the net fair value of the investee's identifiable assets and liabilities was RMB218,776,000. The excess was recorded as goodwill and was included in the carrying amount of the investment in the joint venture.

35. COMMITMENTS

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**1,211,724**	945,923
Prepaid land lease payments	**153,696**	–
Acquisition of equity interests	**297,243**	1,226,168
	1,662,663	2,172,091

36. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

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

Related parties	Relationships
Mr. Wang Huiwu	One of the ultimate jointly controlling parties
Mr. Cheng Yuxin	One of the ultimate jointly controlling parties
Hope Education Investment	Parent of the Company
Tequ Education	A company controlled by the jointly controlling shareholders
Sichuan Mayflower Enterprise Management Co., Ltd. ("Sichuan Mayflower")	A company controlled by the jointly controlling shareholders
Ziyang Automobile Science and Technology Vocational College ("Ziyang Automobile College")	A school controlled by Tequ Education
College of Science and Technology	Joint venture of the Group before 31 May 2021
Ziyang May Sunshine Property Development Co., Ltd. ("Ziyang Property")	A company controlled by Sichuan Mayflower
Sichuan Mayflower Wine Sales Co., Ltd ("Mayflower Wine Sales")	A company controlled by Ziyang Property
Sichuan Dawu Trading Co., Ltd. ("Dawu Trading")	A company controlled by a close relative of Mr. Wang Huiwu
Sichuan Rongxing Driving School Co., Ltd. ("Rongxing Driving School")	A company controlled by Tequ Education
Xiwang Tianyuan Insurance Co., Ltd. ("Tianyuan Insurance")	A company controlled by Dawu Trading
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Sichuan Wuyang Construction Project Company Limited ("Wuyang Construction")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Mayflower Senior Technical School ("Chengdu Mayflower Technical")	A company controlled by Tequ Education
Chengdu Jinniu District Tianyi School	A company controlled by Tequ Education
Mr. Wang Xiaoqiang	Relative of Mr. Wang Huiwu
Jintang Golden May Property Development Co., Ltd. ("Jintang Property")	A company controlled by Sichuan Mayflower
Guizhou Mayflower Real Estate Development Co. Ltd ("Guizhou Mayflower Property")	A company controlled by Sichuan Mayflower
Chengdu Pixian Hope Vocational College	A company controlled by Tequ Education
Chengdu Wanfengyuan Catering Service Co. Ltd ("Chengdu Wanfengyuan Catering Service")	A company controlled by Mr. Wang Xiaoqiang
Dingli Corp., Ltd. ("Dingli")	An associate of the Group

36. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

(i) Loans provided to joint ventures:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Loans provided	23,000	13,446
Loans received	(181,000)	–
Interest expense charged	12,038	14,496
Interest received	(22,586)	(5,738)
Effective interest rate, per annum	6%/8%	8%

The above loans are unsecured. The interest and the principal of the loans provided to Gongqing College during the year will be repaid in a lump sum when the loan becomes mature in July 2022.

(ii) Loans received from Mr. Wang Huiwu:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Loans received	390,307	–
Loans repaid	(216,245)	–
Interest expense charged	6,727	–
Interest paid	–	–
Effective interest rate, per annum	6%	–

36. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

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

(iii) Procurement of property, equipment and fixtures

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Wuyang Construction	28,582	27,203
Guizhou Mayflower Property	796	–
Ziyang Property	–	16,003
Jintang Property	–	68,660
Other related parties	37	–
Total	29,415	111,866

The considerations for the construction and procurement of properties were determined at prices mutually agreed between the Group and its related parties with reference to the arm's length pricing obtained from the market or better with reference to the valuation of the property by the independent valuer.

(iv) Goods purchased and services received from related parties

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Chengdu Mayflower Property Management	619	580
Tianyuan Insurance	796	393
Mayflower Wine Sales	2,537	811
Wang Xiaoqiang	415	147
Chengdu Wanfengyuan Catering Service	1,255	246
Dingli	5,712	–
Other related parties	383	205
Total	11,717	2,382

The purchases of goods or services from the related parties were determined at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

36. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

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

(v) Properties leased to related parties

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Chengdu Mayflower Technical	–	5,556
Ziyang Automobile College	1,931	1,909
Rongxing Driving School	1,390	927
Other related parties	1,724	1,467
Total	5,045	9,859

Rental charges were determined at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from an appraiser.

(vi) Goods sold and services provided to related parties

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
College of Science and Technology of Guizhou University	23,869	8,631
Gongqing College of Nanchang University	12,100	–
Chengdu Mayflower Technical	208	1,680
Chengdu Wanfengyuan Catering Service	1,195	293
Chengdu Jinniu District Tianyi School	1,621	–
Other related parties	1,227	1,016
Total	40,220	11,620

Goods sold and services provided to the related parties were charged at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

The related party transactions in respect of the purchase of properties and properties leased to related parties constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

36. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Balances with related parties

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

Amounts due from related parties

	31 August 2021 RMB'000	31 August 2020 RMB'000
Non-trade in nature		
College of Science and Technology of Guizhou University		
– Current	–	15,366
– Non-current	–	288,556
Gongqing College of Nanchang University – current	23,115	–
	23,115	303,922
Trade in nature – current		
Chengdu Mayflower Technical	18,803	20,006
Gongqing College of Nanchang University	6,848	–
Chengdu Mayflower Property Management	2,309	2,519
Ziyang Automobile College	1,676	8,543
College of Science and Technology of Guizhou University	–	7,695
Guizhou Mayflower Property	1,313	796
Wang Xiaoqiang	686	–
Wuyang Construction	500	–
Others	1,379	1,127
	33,514	40,686
	56,629	344,608

Except for the amount due from Gongqing College of Nanchang University of RMB23,115,000, amounts due from the related parties are unsecured, interest-free and have no fixed terms of repayment.

36. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

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

Amounts due to related parties

	31 August 2021 RMB'000	31 August 2020 RMB'000
Non-trade in nature		
Mr. Wang Huiwu – current	179,905	–
Trade in nature		
Wuyang Construction	15,518	17,932
Ziyang Property	–	1,600
Tianyuan Insurance	582	714
Others	3,130	1,448
	19,230	21,694
	199,135	21,694

Except for the amounts due to Mr. Wang Huiwu of RMB179,905,000, amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

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

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Salaries, allowances and benefits in kind	3,704	1,000
Equity-settled share option expense	–	61
Pension scheme contributions	162	158
	3,866	1,219

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

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals* RMB'000	Lease liabilities RMB'000	An amount due to a related party RMB'000	Total RMB'000
31 August 2021						
At 1 September 2020	3,113,405	–	141,914	149,094	–	3,404,413
Changes from financing cash flows	(363,784)	2,259,775	(256,134)	(37,284)	174,062	1,776,635
Non-cash changes:						
New leases	–	–	–	2,893	–	2,893
Fair value changes of convertible bonds	–	(375,954)	–	–	–	(375,954)
Foreign exchange movement	(56,587)	9,068	49	(2,204)	(884)	(50,558)
Increase arising from acquisition of subsidiaries	426,253	–	–	51,222	–	477,475
Lease modification	–	–	–	(1,716)	–	(1,716)
Gains on restructuring of debt	–	–	(2,000)	–	–	(2,000)
Covid-19-related rent concession from a lessor	–	–	–	(1,927)	–	(1,927)
Syndicated loan arrangement fees	(31,248)	–	–	–	–	(31,248)
Interest capitalised	–	–	18,796	–	–	18,796
Interest expense	22,463	–	217,512	11,317	6,727	258,019
At 31 August 2021	3,110,502	1,892,889	120,137	171,395	179,905	5,474,828
31 August 2020						
At 1 January 2020	2,596,892	–	102,150	160,487	–	2,859,529
Changes from financing cash flows	511,679	–	(79,434)	(17,869)	–	414,376
Non-cash changes:						
Interest expenses	4,834	–	119,198	6,476	–	130,508
At 31 August 2020	3,113,405	–	141,914	149,094	–	3,404,413

* Other payables and accruals arising from financing activities represent interest payable and payable for the acquisition of non-controlling interest in prior years.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 August 2021 RMB'000	Eight months ended 31 August 2020 RMB'000
Within operating activities	**319**	983
Within investing activities	**471,900**	197,512
Within financing activities	**37,284**	17,869
	509,503	216,364

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	31 August 2021 RMB'000	31 August 2020 RMB'000
Financial assets at fair value through profit or loss:		
Mandatorily designated as such:		
Wealth management products	**–**	5,000
Financial assets at amortised cost:		
Cash and cash equivalents	**4,357,287**	2,894,437
Financial assets included in prepayments, deposits and other receivables	**978,984**	891,332
Trade receivables	**126,106**	27,953
Pledged and restricted deposits	**457,117**	513,551
Amounts due from related parties	**56,629**	344,608
	5,976,123	4,671,881

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the year/period are as follows: *(Continued)*

Financial liabilities

	31 August 2021 RMB'000	31 August 2020 RMB'000
Financial liabilities at fair value through profit or loss:		
Convertible bonds	**1,892,889**	–
Derivative financial instruments	**2,817**	–
	1,895,706	–
Financial liabilities at amortised cost:		
Trade payables	**57,709**	37,573
Amounts due to related parties	**199,135**	21,694
Interest-bearing bank and other borrowings	**3,110,502**	3,113,405
Lease liabilities	**171,395**	149,094
Financial liabilities included in other payables and accruals	**3,175,400**	1,480,098
	6,714,141	4,801,864

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amount		Fair value	
	31 August 2021 RMB'000	31 August 2020 RMB'000	**31 August 2021 RMB'000**	31 August 2020 RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	**296,083**	447,851	**296,083**	447,851
Amount due from a joint venture, non-current	**–**	288,556	**–**	288,556
Wealth management products	**–**	5,000	**–**	5,000
	296,083	741,407	**296,083**	741,407
Financial liabilities				
Other payables, non-current portion	**619,452**	312,861	**619,452**	312,861
Convertible bonds	**1,892,889**	–	**1,892,889**	–
Derivative financial instruments	**2,817**	–	**2,817**	–
Interest-bearing bank loans, non-current portion	**970,106**	1,670,072	**951,972**	1,665,372
	3,485,264	1,982,933	**3,467,130**	1,978,233

Management has assessed that the fair values of cash and cash equivalents, trade receivables, the current portion of the pledged and restricted deposits, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, trade payables, short-term interest-bearing bank and other borrowings and the current portion of amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments and the non-current restricted bank balances, the non-current amount due from a joint venture, and the non-current pledged deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current interest-bearing bank and other borrowings, and the non-current other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current financial liabilities as at 31 August 2021 were assessed to be insignificant.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of convertible bonds is measured using the binomial model. The model incorporates unobservable inputs including share price volatility and discount rate. The carrying amount of the conversion right embedded in the composite instrument is the same as its fair value. Below is a summary of significant unobservable inputs to the valuation of convertible bonds together with a quantitative sensitivity analysis as at 31 August 2021:

	Valuation technique	**Significant unobservable input**	**Rate**	**Sensitivity of fair value to the input**
Financial liabilities designated as at fair value through profit or loss (convertible bonds)	Binomial model	Volatility of share price	57.61% (2020: N/A)	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB13,686,000/ RMB8,214,000
		Discount rate	9.93% (2020: N/A)	5% increase/decrease in multiple would result in decrease/increase in fair value by RMB1,546,000/ RMB1,539,000

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

Assets measured at fair value:

The Group did not have any financial assets measured at fair value as at 31 August 2021.

31 August 2020

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Wealth management products	–	5,000	–	5,000

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Liabilities measured at fair value:

31 August 2021

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Convertible bonds	–	–	1,892,889	1,892,889
Derivative financial instruments	–	2,817	–	2,817
	–	2,817	1,892,889	1,895,706

The Group did not have any financial liabilities measured at fair value as at 31 August 2020.

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 August 2021				
Pledged and restricted deposits, non-current portion	–	296,083	–	296,083
31 August 2020				
Pledged and restricted deposits, non-current portion	–	447,851	–	447,851
Amount due from a joint venture, non-current portion	–	–	288,556	288,556
	–	447,851	288,556	736,407

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 August 2021				
Interest-bearing bank loans, non-current portion	–	–	951,972	951,972
Other payables, non-current potion	–	–	619,452	619,452
	–	–	1,571,424	1,571,424
31 August 2020				
Interest-bearing bank loans, non-current portion	–	–	1,665,372	1,665,372
Other payables, non-current potion	–	–	312,861	312,861
	–	–	1,978,233	1,978,233

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and financial assets included in prepayments, deposits, other receivables and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other payables and accruals, amounts due from related parties and amounts due to related parties, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's interest-bearing bank and other borrowings. The interest rates and terms of repayments of the borrowings are disclosed in note 27. The Group manages its interest rate exposure arising from its interest-bearing bank loans through the use of fixed rates.

The Group does not consider that it has any significant exposure to the risk of changes in market interest rates as the Group does not have any long-term receivables and loans which are subject to floating interest rates.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group had currency exposures from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds as at 31 August 2021 and at 31 August 2020. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and HK$ exchange rate, with all other variables held constant, of the Group's profit after tax.

	Increase/ (decrease) in US$/HK$ rate %	Increase/ (decrease) in profit after tax RMB'000
At 31 August 2021		
If the RMB weakens against US$	(0.5)	(13,670)
If the RMB strengthens against US$	0.5	13,670
If the RMB weakens against HK$	(0.5)	12
If the RMB strengthens against HK$	0.5	(12)
At 31 August 2020		
If the RMB weakens against US$	(0.5)	4,412
If the RMB strengthens against US$	0.5	(4,412)
If the RMB weakens against HK$	(0.5)	5,358
If the RMB strengthens against HK$	0.5	(5,358)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. The Group has no concentration of credit risk from third party debtors. Deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions. The Group's maximum exposure to credit risk refers to the carrying amounts of cash and cash equivalents, trade and other receivables, and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and fiscal year-end staging classification as at 31 August 2021 and 31 August 2020. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2021					
Financial assets included in prepayments, deposits and other receivables					
– Normal**	417,081	–	–	–	417,081
– Doubtful**	–	–	561,903	–	561,903
Cash and cash equivalents	4,357,287	–	–	–	4,357,287
Pledged and restricted deposits	457,117	–	–	–	457,117
Trade receivables*	–	–	–	126,106	126,106
Amounts due from related parties	56,629	–	–	–	56,629
	5,288,114	–	561,903	126,106	5,976,123

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 August 2020					
Financial assets included in prepayments, deposits and other receivables					
– Normal**	292,950	–	–	–	292,950
– Doubtful**	–	87,000	511,382	–	598,382
Cash and cash equivalents	2,894,437	–	–	–	2,894,437
Pledged and restricted deposits	513,551	–	–	–	513,551
Financial assets at fair value through profit or loss	5,000	–	–	–	5,000
Trade receivables*	–	–	–	27,953	27,953
Amounts due from a joint venture	288,556	–	–	–	288,556
Amounts due from related parties	56,052	–	–	–	56,052
	4,050,546	87,000	511,382	27,953	4,676,881

* For trade receivables to which the Group applies the simplified approach for impairment, the expected loss allowance for these balances was not material during the reporting period.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

As at 31 August 2021 and 31 August 2020, substantially all of the bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

All of the trade receivables, other receivables and amounts due from related parties have no collateral or guarantee, except for the receivables from third parties (note 22(a)). The Group assesses the credit quality of the counterparties by taking into account their financial position, credit history of failure to make payments on their contractual due date, the existence of forecast changes in the market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follows up disputes or amounts overdue, if any. Management is of the opinion that the risk of default by counterparties is low. For receivables from the third parties with collateral, management is of the opinion that the expected cash flows to receive from the sale of collateral held, discounted at an approximation of the original effective interest rate, are higher than the aggregate amounts of the loans and the interest receivables with collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group assessed that the expected credit losses for these receivables without collateral and amounts due from related parties are not material under the 12-month expected credit loss method. Thus, no loss allowance provision was recognised during the year ended 31 August 2021 and the eight months ended 31 August 2020.

At the end of the reporting period, the Group had certain concentrations of credit risk as 57% (2019: 68%) of the Group's trade receivables were due from the government agencies, within the domestic education segment. The Group has delegated a team responsible for determination of monitoring procedures to ensure that there will be follow-up action to recover these trade receivables.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, and lease liabilities.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

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

	31 August 2021					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Convertible bonds	–	–	–	2,379,443	–	2,379,443
Derivative financial instruments	–	2,817	–	–	–	2,817
Interest-bearing bank and other borrowings	3,570	1,889,220	365,881	1,017,575	–	3,276,246
Financial liabilities included in other payables and accruals	1,896,852	95,665	586,570	328,040	473,960	3,381,087
Lease liabilities	–	8,438	25,542	125,518	50,198	209,696
Trade payables	–	–	57,709	–	–	57,709
Amounts due to related parties	199,135	–	–	–	–	199,135
	2,099,557	1,996,140	1,035,702	3,850,576	524,158	9,506,133

	31 August 2020					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	849,294	738,219	1,793,012	–	3,380,525
Financial liabilities included in other payables and accruals	1,086,364	48,383	44,800	350,875	15,970	1,546,392
Lease liabilities	–	6,970	22,911	98,563	56,821	185,265
Trade payables	–	–	37,573	–	–	37,573
Amounts due to related parties	21,694	–	–	–	–	21,694
	1,108,058	904,647	843,503	2,242,450	72,791	5,171,449

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group will minimise the capital expenditure and renew or extend its short-term loans as part of capital management.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period.

The debt-to-asset ratio as at the end of the year/period is as follows:

	31 August 2021 RMB'000	31 August 2020 RMB'000
Total liabilities	**12,062,295**	6,729,662
Total assets	**19,869,122**	12,416,079
Debt-to-asset ratio	**61%**	54%

41. EVENTS AFTER THE REPORTING PERIOD

(i) On 31 August 2021, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Sichuan Tequ Mayflower Education Management Co., Ltd.* (四川特驅五月花教育管理有限公司), which holds 50,000,000 shares of Dingli, representing approximately 8.93% equity interest in Dingli (an associate of the Group), to a related party for a total consideration of RMB527 million. The gain on disposal before tax is expected to be approximately RMB12,090,000. Further information can be found in the Company's announcement and circular dated 5 November 2021. The resolution was passed by the independent shareholders by way of poll at the extraordinary general meeting held on 20 November 2021.

(ii) On 18 November 2021, all conditions precedent under the acquisition agreement in relation to the Shinawatra University of Thailand had been fulfilled. The acquisition is at the consideration of THB1,100,000,000 (equivalent to approximately RMB216,248,000) in the form of cash. Because the acquisition of Shinawatra University of Thailand was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

(iii) On 29 November 2021, the board of directors of the Company proposes to adopt a share option scheme (the "Share Option Scheme") in accordance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The maximum number of Shares which may be issued upon full exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total issued ordinary share capital of the Company as at the date of adoption of the Share Option Scheme. The adoption of the Share Option Scheme remains subject to the approval of the shareholders of the Company.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 August 2021 RMB'000	31 August 2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	7,287,532	2,361,407
Pledged and restricted deposits	260,000	260,000
Total non-current assets	7,547,532	2,621,407
CURRENT ASSETS		
Prepayments and other receivables	13,382	5,013
Pledged and restricted deposits	11,739	–
Cash and cash equivalents	1,668,369	1,081,390
Total current assets	1,693,490	1,086,403
CURRENT LIABILITIES		
Other payables and accruals	37,994	36,920
Amount due to a subsidiary	2,272,214	–
Interest-bearing bank and other borrowings	1,601,675	–
Total current liabilities	3,911,883	36,920
NET CURRENT ASSETS/(LIABILITIES)	(2,218,393)	1,049,483
NET ASSETS	5,329,139	3,670,890
EQUITY		
Issued capital	542	493
Reserves (note)	5,328,597	3,670,397
Total equity	5,329,139	3,670,890

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

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

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	2,596,260	142,873	(35,448)	2,703,685
Placing of new shares	1,062,080	–	–	1,062,080
Share issue expenses	(8,048)	–	–	(8,048)
Issue of shares upon the exercise of share options	124,230	(25,215)	–	99,015
Transfer from the share option reserve upon the lapse of share options	–	(51)	51	–
Loss and total comprehensive loss for the period	–	–	(35,029)	(35,029)
Equity-settled share option arrangements	–	862	–	862
Final 2019 dividend declared	(152,168)	–	–	(152,168)
At 31 August 2020 and 1 September 2020	3,622,354	118,469	(70,426)	3,670,397
Placing of new shares	1,586,331	–	–	1,586,331
Share issue expenses	(13,607)	–	–	(13,607)
Issue of shares upon the exercise of share options	89,810	(25,178)	–	64,632
Profit and total comprehensive income for the year	–	–	86,778	86,778
Final 2020 dividend declared	(65,934)	–	–	(65,934)
At 31 August 2021	5,218,954	93,291	16,352	5,328,597

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 November 2021.

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

"2018 Pre-IPO Share Option Scheme"	The 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on 18 March 2018 for the benefit of, amongst others, our Group's directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers, a summary of the principal terms of which is set out in "Appendix V – Statutory and General Information" of the Prospectus
"Board" or "Board of Directors"	The board of Directors of the Company
"Business Day"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CG Code" or "Corporate Governance Code"	The code on corporate governance practices set out in Appendix 14 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "our Company"	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
"Date of this Report"	31 December 2021
"Director(s)"	The directors of our Company
"Group," "our Group," "We" or "Us"	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"Guizhou Qiannan Economic College"	Guizhou Qiannan Economic College (貴州黔南經濟學院), a college established under the laws of PRC in 2004, acquired by our Group in April 2014 and approved by the MOE to be operated under the cooperation between Guizhou University of Finance and Economics and our Group in September 2014, conversion of independent college has been finished in August 2021

"Guizhou Qiannan College of Science and Technology"	Guizhou Qiannan College of Science and Technology (貴州黔南科技學院), a college established under the laws of PRC in May 2001, approved by the MOE to be operated under the cooperation between Guizhou University and a third party in December 2014, conversion of independent college has been finished in August 2021
"HK$" or "Hong Kong Dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"Hope Education"	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
"Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院), a college approved by the MOE established under the cooperation between Southwest Jiaotong University, Chengdu West Hope Group Limited and our Group in April 2009
"IFRS"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"Jiexing Huilv"	Guizhou Jiexing Huilv Air Service Consultant Services Limited (貴州捷星慧旅航空空乘諮詢服務有限公司), a limited liability company established under the laws of PRC on 9 September 2010
"Jinken College of Technology"	Jinken College of Technology, which began enrollment over 20 years ago in 2000, is in Jiangning District, Nanjing City, Jiangsu Province, the PRC, and an acquisition agreement has been entered into between the Group and the counter-party in April 2021
"Listing"	The listing of the Company's Shares on the Main Board
"Listing Date"	3 August 2018, the date on which the Company's Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MOE"	Ministry of Education of the PRC
"M&A"	Mergers and acquisitions
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	The twelve months ended 28 December 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	Ordinary share(s) of a nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Shinawatra University"	Shinawatra University, established in Thailand in 1996, and an acquisition agreement has been entered into between the Group and the counter-party in April 2021
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tequ Education"	Sichuan Tequ Education Management Limited* (四川特驅教育管理有限公司), a limited liability company established under the laws of PRC on 30 November 2017 following the division under reorganization, the shareholding of which largely mirrors that of Hope Education and is indirectly controlled by Mr. Wang Huiwu

"Tianyi College"	Sichuan Tianyi College* (四川天一學院), a college established and named as Sichuan Tianyi Open College (四川天一開放函授進修學院) in 1991, approved by the State Education Commission (currently, the MOE) to be a formal junior-college-level higher education institution in 1994 and acquired by our Group in September 2011
"U.S." or "United States"	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"Yinchuan Group"	The six entities the Group acquired in 2019, namely Yinchuan University of Energy, Yinchuan Vocational School of Science and Technology, Vocational-technical Training Center of Yinchuan University, Ningxia Modern Senior Technical School, Car Driving Training School of Yinchuan University Education Group, and Auto Repair Factory of Yinchuan University Education Group
"%"	Percent