希教國際控股有限公司
XJ International Holdings Co., Ltd.

(Formerly known as "Hope Education Group")
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1765

ANNUAL REPORT

2024

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Huiwu *(Chief Executive Officer)*
Mr. Deng Yi
(appointed with effect from 27 September 2024)
Ms. Wang Xiu
(appointed with effect from 29 November 2024)
Mr. Xu Changjun
(redesignated from Executive Directors to Non-executive Directors with effect from 27 September 2024)
Mr. Li Tao
(redesignated from Executive Directors to Non-executive Directors with effect from 24 January 2024)
Ms. Lou Qunwei
(appointed with effect from 26 April 2024 and resigned with effect from 29 November 2024)
Mr. Huang Zhongcai
(appointed with effect from 24 January 2024 and resigned with effect from 26 April 2024)

Non-executive Directors

Mr. Zhang Bing *(Chairman)*
(appointed with effect from 5 January 2024)
Mr. Xu Changjun
(redesignated from Executive Directors to Non-executive Directors with effect from 27 September 2024)
Mr. Li Tao
(redesignated from Executive Directors to Non-executive Directors with effect from 24 January 2024)
Mr. He Shengli *(Chairman)*
(resigned with effect from 5 January 2024)
Mr. Lu Zhichao
(resigned with effect from 16 January 2024)
Mr. Tang Jianyuan
(resigned with effect from 27 September 2024)

Independent Non-executive Directors

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

Audit Committee

Mr. Zhang Jin *(Chairman)*
Mr. Xu Changjun
(appointed with effect from 27 September 2024)
Mr. Li Tao
(appointed with effect from 24 January 2024)
Mr. Liu Zhonghui
Mr. Xiang Chuan
Mr. Tang Jianyuan
(resigned with effect from 27 September 2024)
Mr. Lu Zhichao
(resigned with effect from 16 January 2024)

Nomination and Remuneration Committee

Mr. Liu Zhonghui *(Chairman)*
Mr. Wang Huiwu
Mr. Xiang Chuan

Strategy and Development Committee

Mr. Wang Huiwu *(Chairman)*
Mr. Zhang Bing
(appointed with effect from 5 January 2024)
Mr. Deng Yi
(appointed with effect from 27 September 2024)
Ms. Wang Xiu
(appointed with effect from 29 November 2024)
Mr. Li Tao
Mr. Xu Changjun
(resigned with effect from 27 September 2024)
Ms. Lou Qunwei
(appointed with effect from 26 April 2024 and resigned with effect from 29 November 2024)
Mr. Huang Zhongcai
(appointed with effect from 24 January 2024 and resigned with effect from 26 April 2024)
Mr. He Shengli
(resigned with effect from 5 January 2024)
Mr. Lu Zhichao
(resigned with effect from 16 January 2024)

AUTHORIZED REPRESENTATIVES

Mr. Li Tao
Ms. Chan Yin Wah

JOINT COMPANY SECRETARIES

Mr. He Di
(appointed with effect from 13 June 2024)
Ms. Chan Yin Wah
Mr. Huang Zhongcai
(resigned with effect from 26 April 2024)

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISOR AS TO HONG KONG LAW

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

AUDITOR

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

COMPLIANCE ADVISOR

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of China

COMPANY'S WEBSITE

www.hopeedu.com

STOCK CODE

1765

OUR SCHOOLS

SCHOOLS OVERVIEW AND DISTRIBUTION

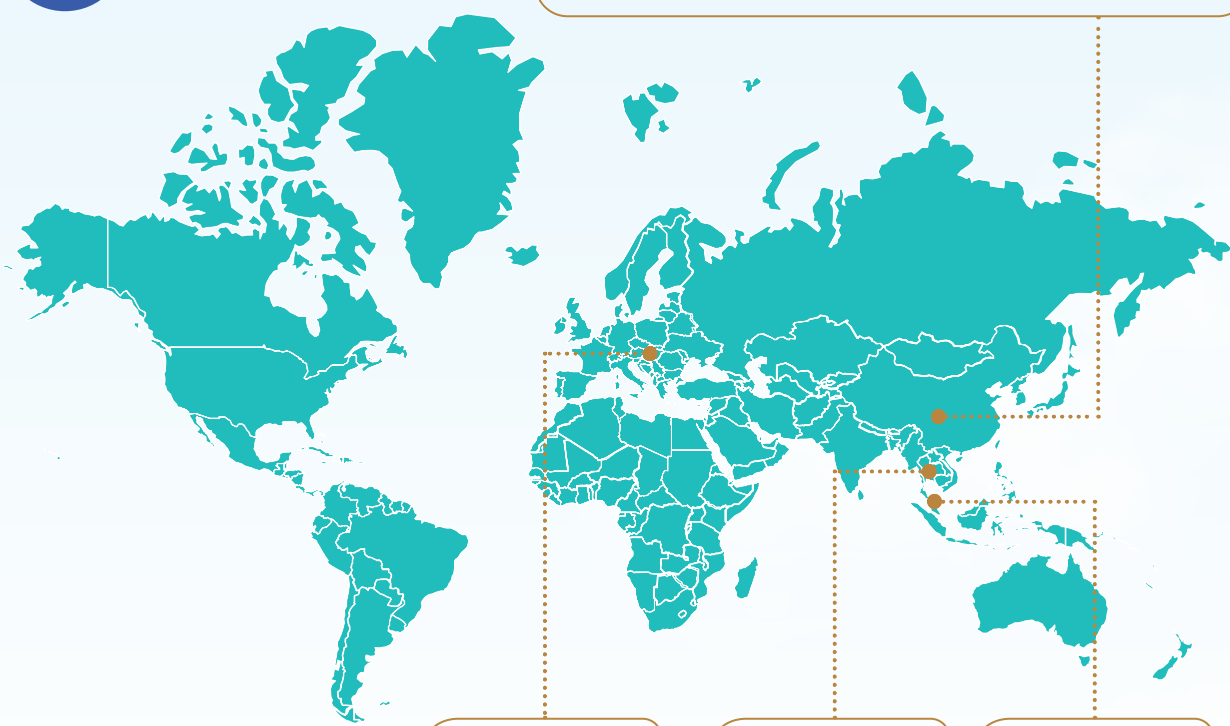
We operate domestically and overseas

25 schools

10 colleges & universities

13 junior colleges

2 technician colleges



Dear Shareholders,

On behalf of the Board, I hereby present to the Shareholders the Company’s report for the financial year ended 31 August 2024.

PERSISTED TO FOCUS ON THE QUALITY IMPROVEMENT OF SCHOOLS AND MADE ALL EFFORT TO ENSURE SMOOTH OPERATION OVER THE PAST YEAR

1. Guided by the quality of talent cultivation, we increased our investment to established and forging specific majors and continuously strengthened the establishment of our teaching team with the addition of more than 500 teachers and over 100 staff with titles of vice-senior or above. We have improved our quality in talent cultivation by further enhancing the structure of our teachers,

2. During the Reporting Period, our overseas schools achieved new breakthroughs in their student enrollments and academic rankings. INTI International University in Malaysia improved its QS ranking by 40 places, reaching 516th globally. The scale of enrolled students in overseas schools continued to grow with a year-on-year increase of 15%. We actively fuelled the sharing of quality educational resources among domestic and overseas schools, three of our Sino-Foreign cooperation projects were proceeding steadily. The social reputation and fame of the schools have steadily improved.

STRIVE TO ACHIEVE A STRONG AND FAR-REACHING BRAND AND STRIVE FOR DEVELOPMENT WITH COMMITMENT AND PERSISTENCE LOOKING AHEAD

1. **We will deeply implement a quality-first development strategy.** Each of our schools will always take improving education and teaching quality and talent training quality as the core objective and will continuously strengthen the construction of teaching and practical training capabilities, strengthen the construction of teacher teams, deepen teaching reform, strengthen featured majors, comprehensively improve the quality of talent training, drive the sharing of school quality resources domestically and overseas so as to satisfy the diversity of the society and the need of quality skilled talents.

2. **We will make every effort to ensure a smooth operation of our schools and our Company.** We will actively resolve debts in accordance with laws and regulations by optimising asset allocation and continuously deepen our management concisely with our best endeavours to ensure the smooth operation of our Company and our schools and bank up power and resources for sustainable development.

APPRECIATION

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

XJ International Holdings Co., Ltd.
Zhang Bing
Chairman

Hong Kong, 29 November 2024

KEY ITEMS OF FINANCIAL POSITION AND CASH FLOWS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of RMB

	Year ended 31 August				Period from 1 January 2020 to 31 August
	2024	2023	2022	2021	2020
Total revenue	**3,732.07**	3,581.63	3,042.69	2,324.27	872.08
Gross profit	**1,573.57**	1,680.18	1,395.14	1,175.97	377.61
Adjusted gross profit	**1,621.68**	1,760.77	1,492.23	1,237.12	406.53
Profit for the year	**613.09**	210.77	445.90	605.12	119.35
Adjusted net profit	**693.18**	874.81	758.58	866.36	201.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of RMB

	As at 31 August				
	2024	2023	2022	2021	2020
Assets					
Non-current assets	**18,262.35**	18,159.87	17,412.90	14,174.61	8,457.80
Current assets	**4,019.17**	4,141.53	4,900.17	5,719.65	3,958.28
Total assets	**22,281.52**	22,301.40	22,313.07	19,894.26	12,416.08
Equity and Liabilities					
Current liabilities	**7,430.99**	9,410.98	8,177.61	6,904.59	3,368.25
Non-current liabilities	**5,696.03**	4,450.69	6,087.63	5,182.84	3,361.41
Total equity	**9,154.50**	8,439.73	8,047.83	7,806.83	5,686.42

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

1. INCREASING INVESTMENT FOR THE COMPREHENSIVE ENHANCEMENT OF OPERATING QUALITY

Guided by the quality of talent cultivation, our schools established specific majors and the construction and forging of characteristic schools, we increased our investment and continuously optimised and strengthened our teaching team with the addition of more than 500 teachers, comprehensively enhanced the structure of our teachers, increased over 100 staff with titles of vice-senior or above, put more effort in constructing practical training capability, built a new batch of practical training units for specific majors and strengthened the teaching of professional skills, which led to a steady improvement of quality in talent cultivation.

2. SEIZING EMPLOYMENT OPPORTUNITIES AND STRENGTHENING OUR CAPABILITY TO SERVE OUR SOCIETY

Our colleges promoted the integration of industry and education as well as school-enterprise cooperation in full swing to enhance the capability of students for their employment. We are at the top among colleges of the same category in terms of graduate employment rate. Favourable employment prospects had attracted more student enrollments. In the new 2024–2025 school year, the number of enrolled students has hit record high again.

3. CONTINUOUSLY PROMOTING GLOBALISED DEVELOPMENT STRATEGY AND ACCELERATING THE CULTIVATION OF INTERNATIONAL TALENTS

During the Reporting Period, our overseas schools achieved new breakthroughs in their student enrollments and academic rankings. INTI International University in Malaysia improved its QS ranking by 40 places, reaching 516th globally. The scale of enrolled students in overseas schools continued to grow with a year-on-year increase of 15%. We actively fuelled the sharing of quality educational resources among domestic and overseas schools, three of our Sino-Foreign cooperation projects were proceeding steadily, and cooperative relationships with over 110 universities in more than 40 countries were established in a global context.

REVIEW ON POLICIES

1. In March 2024, the 2024 Government Work Report (《2024年政府工作報告》) considered and approved at the Second Session of the Fourteenth National People's Congress clearly stated that: It is of great importance to "deeply implement the strategy of rejuvenating the country through science and education and strengthen the fundamental support for high-quality development; to adhere to the integrated and coordinated advancement by building a strong country with education, science and technology and talents; to deploy and implement the innovation chain, the industry chain, the capital chain and the talent chain in integration"; it is also integral to "guide and regulate the development of private education, and vigorously improve the quality of vocational education".

2. In July 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China considered and approved the resolution of the Decision of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese-style Modernisation (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》) clearly stated that: "Education, science and technology, and talents are the foundational and strategic support for Chinese-style modernisation. It is necessary to deeply implement the strategy of rejuvenating the country through science and education, the strategy of a strong country in talents, and the strategy of innovation-driven development, to coordinate and promote the integrated reform of the education, science and technology, and talent systems and mechanisms, to make the new national system sound and to improve the overall efficiency of the national innovative system"; it is vital to "accelerate the construction of a vocational education system with integration of vocational and regular education, and integration of industry and education"; to "guide and regulate the development of private education"; and to "promote the digitalisation of education, empower the construction of a learning society, and strengthen the guarantee of lifelong education".

3. In August 2024, the Opinions of the State Council on Promoting High-Quality Development of Service Consumption (《國務院關於促進服務消費高質量發展的意見》) issued by the State Council clearly stated that: "Promote higher education institutions, research institutions, and social organisations to open up quality educational resources to meet the diverse and personalised learning needs of the public. Promote the enhancement of quality and efficiency in vocational education, and build high-standard vocational schools and majors. Encourage social training institutions to improve service quality in response to public demand".

   The aforementioned series of major decisions and deployments by the State further highlighted the fundamental and strategic role of higher education in socio-economic development, assigning new historical missions to higher education institutions. The State requires the opening of quality education resources to serve society, accelerating the advancement of quality construction of vocational education, the comprehensive enhancement of quality in talent cultivation, thereby creating new development opportunities and space for companies with higher education and vocational education as their core business.

Significant Events during the Reporting Period

1. On 26 September 2023, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants pursuant to its share option scheme adopted on 18 March 2022. For details, please refer to the announcements of the Company dated 18 March 2022, 26 September 2023 and 3 October 2023.

2. With effect from 5 January 2024, Mr. He Shengli has resigned as the chairman of the Board and a non-executive Director of the Company due to a change in his work arrangement, and Mr. Zhang Bing has been appointed as the chairman of the Board and a non-executive Director of the Company. For details, please refer to the announcement of the Company dated 5 January 2024.

3. On 8 January 2024, Guilin Shanshui Vocational College (桂林山水職業學院) and Guilin Economic and Technological Development Zone Administration Committee (桂林經濟技術開發區管理委員會) entered into a project cooperation agreement, pursuant to which Guilin Economic and Technological Development Zone Administration Committee will transfer the land use right to a plot of land located at Guilin Economic and Technological Economic Zone, Guilin, China with a total area of approximately 350 mu. For details, please refer to the announcement of the Company dated 8 January 2024.

4. With effect from 16 January 2024, Mr. Lu Zhichao has resigned as a non-executive Director due to a change in his work arrangement. Meanwhile, Mr. Lu Zhichao has resigned from the audit committee and the strategy and development committee. For details, please refer to the announcement of the Company dated 16 January 2024.

5. During the period from 16 January 2024 to 29 February 2024, Mr. Wang Huiwu, an executive Director, the chief executive officer and a controlling shareholder of the Company, successively increased his shareholding in the Company through open market transactions. For details, please refer to the announcements of the Company dated 16 January 2024, 17 January 2024, 18 January 2024, 22 January 2024, 14 February 2024 and 29 February 2024.

6. With effect from 24 January 2024, Mr. Li Tao has been re-designated from an executive Director to a non-executive Director and has been appointed as a member of the audit committee, and Mr. Huang Zhongcai has been appointed as an executive Director and a member of the strategy and development committee. For details, please refer to the announcement of the Company dated 24 January 2024.

7. On 31 January 2024, Jiangxi Cultural Performance Investment Management Company Limited (江西文演投資管理有限公司, "Jiangxi Cultural Performance") and Chengdu Maysunshine Education Management Company Limited (成都五月陽光教育管理有限公司, "Chengdu Maysunshine") entered into a transfer agreement, pursuant to which, Chengdu Maysunshine has agreed to sell and Jiangxi Cultural Performance has agreed to acquire 100% equity interest in Jiangxi Changzhen Industrial Co., Ltd. (江西昌振實業有限公司) and Gongqing College of Nanchang University Logistics Services Company Limited (南昌大學共青學院後勤服務有限公司). For details, please refer to the announcement of the Company dated 1 February 2024.

8. On 5 February 2024, the English name of the Company has been changed from "Hope Education Group Co., Ltd." to "XJ International Holdings Co., Ltd." and the dual foreign name in Chinese of the Company has been changed from "希望教育集團有限公司" to "希教國際控股有限公司". In addition, the stock short names of the Company for trading in the Shares on the Stock Exchange were changed from "HOPE EDU" to "XJ INTL HLDGS" in English and from "希望教育" to "希教國際控股" in Chinese with effect from 9:00 a.m. on 8 February 2024. The stock code of the Company remains as "1765". For details, please refer to the announcements of the Company dated 15 November 2023, 5 January 2024 and 5 February 2024 and the circular of the Company dated 15 December 2023.

9. On 29 February 2024, disclosure was made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance in relation to, among other matters, the issue of the zero coupon convertible bonds due 2026. For details, please refer to the announcement of the Company dated 29 February 2024.

10. On 4 March 2024, disclosure was made by the Company pursuant to Rules 13.09, 37.47, 37.47A, 37.47B(a) and 37.47E of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance in relation to the purported event of default occurred in respect of the convertible bonds on 2 March 2024. For details, please refer to the announcements of the Company dated 22 February 2021, 2 March 2021, 3 March 2021, 22 February 2024, 29 February 2024 and 4 March 2024.

11. On 5 March 2024, trading in the convertible bonds of the Company on the Stock Exchange was suspended with effect from 1:00 p.m. on 5 March 2024 until further notice. For details, please refer to the announcement of the Company dated 5 March 2024.

12. On 5 March 2024, the Company received a statutory demand from the legal representatives acting on behalf of the creditor of the convertible bonds. For details, please refer to the announcement of the Company dated 6 March 2024.

13. On 28 March 2024, the High Court of the Hong Kong Special Administrative Region received a winding-up petition filed by The Bank of New York Mellon, London Branch. For details, please refer to the announcements of the Company dated 28 March 2024 and 14 April 2024.

14. With effect from 26 April 2024, Mr. Huang Zhongcai has resigned as an executive Director, a member of the strategy and development committee and a joint company secretary of the Company due to change in work arrangement, and Ms. Lou Qunwei has been appointed as an executive Director of the Company. For details, please refer to the announcement of the Company dated 26 April 2024.

15. On 21 May 2024, the Company has applied for and was successfully granted a validation order by the High Court. For details, please refer to the announcement of the Company dated 21 May 2024.

16. On 12 June 2024, the Company has appointed Deloitte Advisory (Hong Kong) Limited as the restructuring advisor. For details, please refer to the announcement of the Company dated 12 June 2024.

17. With effect from 13 June 2024, Mr. He Di has been appointed as the joint company secretary of the Company. For details, please refer to the announcement of the Company dated 14 June 2024.

18. On 19 June 2024, the petition against the Company was heard before the High Court and has been adjourned to 24 June 2024 for a substantive hearing. For details, please refer to the announcement of the Company dated 19 June 2024.

19. On 24 June 2024, the petition against the Company was heard before the High Court and has been adjourned to a later date for a substantive hearing. For details, please refer to the announcement of the Company dated 24 June 2024.

20. On 27 June 2024, the hearing of the petition against the Company has been adjourned to 8 August 2024 at 10:00 a.m. For details, please refer to the announcement of the Company dated 27 June 2024.

21. On 17 July 2024, the Company provided an update to the market on the progress that has been made regarding the restructuring of its offshore liability. For details, please refer to the announcement of the Company dated 17 July 2024.

22. On 8 August 2024, the substantive hearing of the petition against the Company was heard with judgment reserved. For details, please refer to the announcement of the Company dated 8 August 2024.

23. On 28 August 2024, an order was made by the High Court that the petition against the Company be dismissed. For details, please refer to the announcement of the Company dated 28 August 2024.

Our Students

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

	Student Enrolled	
	As at 31 October 2024	As at 31 October 2023
Schools		
Undergraduate colleges	**138,739**	142,455
Junior colleges	**143,819**	136,772
Technical education	**8,706**	11,700
Total	**291,264**	290,927

Note: Information about student enrolled is based on the official record of the relevant education departments in PRC or internal record from schools of the Group.

OUTLOOK

1. Focusing on quality by enhancing sustainable development capability

We will focus on improving the quality of talent cultivation, continuously invest in the development of teaching staff and practical training capabilities and enhance the competitiveness of our schools to ensure sustainable development.

2. Focusing on scale by steadily enhancing the ability to serve society

We will continue to promote the development of specialised institutions and expand the scale of individual schools in a bid to offer more and better higher education degrees for society.

3. Focusing on overseas operation by promoting synergistic development between domestic and overseas schools

We will comprehensively improve the quality and scale of the operation of our existing overseas schools, increase the share of overseas schools in various indicators of our Company; and actively promote the sharing of quality resources between domestic and overseas schools to achieve synergistic development.

4. Raising funds through multiple channels to ensure operation and resolve debts

We will guarantee the smooth operation of our schools and our Company and effectively resolve debts by actively optimising asset allocation and raising funds with our best endeavours, thereby creating conditions for the sustainable development of our Company.

FINANCIAL REVIEW

Non-IFRS Measurement

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS Accounting Standards, 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 Accounting Standards. The Company believes that these non-IFRS measures facilitate the comparison of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance.

The annual financial results for the years ended 31 August 2024 and 31 August 2023 are as follows:

Items	**2024 (in millions of RMB)**	2023 (in millions of RMB)
Revenue	**3,732.07**	3,581.63
Less: Cost of sales	**2,158.50**	1,901.45
Gross profit	**1,573.57**	1,680.18
Add: Other income and gains	**274.83**	297.91
Fair value gains/(losses) on convertible bonds	**186.52**	(228.65)
Less: Selling expenses	**241.85**	287.69
Administrative expenses	**600.55**	547.56
Finance costs	**289.41**	349.12
Other expenses	**100.04**	108.38
Impairment losses on financial assets (non-cash)	**73.19**	180.70
Add: Share of profits of a joint venture	**27.18**	29.29
Profit before tax	**757.06**	305.28
Less: Income tax expense	**143.97**	94.51
Profit for the year	**613.09**	210.77
Adjusted gross profit	**1,621.68**	1,760.77
Adjusted net profit	**693.18**	874.81

Calculation of adjusted gross profit

Items	2024 (in millions of RMB)	2023 (in millions of RMB)
Gross profit	1,573.57	1,680.18
Add:		
1. Depreciation and amortisation arising from valuation appreciation	48.11	57.80
2. Equity-settled share option expense	—	22.79
Adjusted gross profit	1,621.68	1,760.77

Description:

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

Calculation of adjusted net profit

Items	2024 (in millions of RMB)	2023 (in millions of RMB)
Net profit	613.09	210.77
Add:		
1. Depreciation and amortisation arising from valuation appreciation	49.16	61.09
2. Conversion fees and finance cost accrued at amortised cost because of deferred payment of conversion fees	55.14	57.68
3. Foreign exchange loss	—	55.01
4. Equity-settled share option expense	41.00	61.77
5. Finance cost accrued at amortised cost because of deferred payment for purchase of equity interest	20.37	19.14
6. Credit impairment losses and asset impairment losses (non-cash)	118.04	180.70
7. Losses on disposal of Gongqing College	88.47	—
8. Losses on change of fair value of convertible bonds	—	228.65
Less:		
1. Foreign exchange gains	16.33	—
2. Gains on change of fair value of convertible bonds	186.52	—
3. Gains on disposal of Hebi College	82.99	—
4. Gains on disposal of installment interest income equity of Gongqing and Hebi	6.25	—
Adjusted net profit	693.18	874.81

Description:

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

Overview

	2024 (in millions of RMB)	2023 (in millions of RMB)
Revenue	**3,732.07**	3,581.63
Adjusted gross profit	**1,621.68**	1,760.77
Adjusted gross profit margin	**43.5%**	49.2%
Adjusted net profit	**693.18**	874.81
Adjusted net profit margin	**18.6%**	24.4%

For the year ended 31 August 2024, we recorded revenue of RMB3,732.07 million, adjusted gross profit of RMB1,621.68 million and gross profit of RMB1,573.57 million.

For the year ended 31 August 2024, the Group recorded adjusted net profit of RMB693.18 million and net profit of RMB613.09 million.

Revenue

For the year ended 31 August 2024, revenue of the Group reached RMB3,732.07 million, representing an increase of RMB150.44 million from RMB3,581.63 million for the year ended 31 August 2023. Such increase was mainly due to the increase in the number of students enrolled and the rising charging standard.

Cost of Sales

For the year ended 31 August 2024, cost of sales of the Group was RMB2,158.50 million, representing an increase of RMB257.05 million from RMB1,901.45 million for the year ended 31 August 2023. Such increase was mainly due to (i) recruitment of additional teachers, implementation of small class teaching and increase in remuneration of faculty members; (ii) increase in the cost of renovation, repair and maintenance of schools and colleges; and (iii) increased investment in practical training and increase in depreciation and amortisation of school premises and practical training facilities transferred to fixed assets, as well as increase in venue rental fee.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2024, gross profit of the Group amounted to RMB1,573.57 million, representing a decrease of RMB106.61 million from RMB1,680.18 million for the year ended 31 August 2023.

For the year ended 31 August 2024, adjusted gross profit of the Group was RMB1,621.68 million, representing a decrease of RMB139.09 million from RMB1,760.77 million for the year ended 31 August 2023. For the year ended 31 August 2024, adjusted gross profit margin of the Group was 43.45% while that for the year ended 31 August 2023 was 49.16%.

Selling Expenses

For the year ended 31 August 2024, selling expenses of the Group amounted to RMB241.85 million, representing a decrease of RMB45.84 million from RMB287.69 million for the year ended 31 August 2023. Such decrease was mainly due to (i) the decrease in wages and salaries and advertising expenses related to student enrollment; and (ii) the decrease in equity-settled share option expense recognized.

Administrative Expenses

For the year ended 31 August 2024, administrative expenses of the Group amounted to RMB600.55 million, representing an increase of RMB52.99 million from RMB547.56 million for the year ended 31 August 2023. Such increase was mainly due to (i) the increase in remuneration of school administrators; and (ii) the recognition of equity-settled share option expense.

Credit Impairment Losses and Asset Impairment Losses (Non-cash)

For the year ended 31 August 2024, non-cash impairment losses on financial assets and asset impairment losses of the Group amounted to RMB118.04 million, representing a decrease of RMB62.66 million from RMB180.7 million for the year ended 31 August 2023. This was mainly due to the principle of prudence, whereby the Group engaged appraisers to assess the likelihood of recovering loans and evaluate the land value of real estate companies, resulting in provisions for credit impairment and asset impairment losses (non-cash) for non-core business, respectively. Non-core business of the Group will not have a material impact on the core education business of the Group.

Finance Costs

For the year ended 31 August 2024, finance costs of the Group amounted to RMB289.41 million, representing a decrease of RMB59.71 million from RMB349.12 million for the year ended 31 August 2023. Such decrease was mainly due to the repayment of interest-bearing bank and other borrowings and the adjustment of financing structure.

Profits for the Reporting Period

For the year ended 31 August 2024, the Group recorded adjusted net profit of RMB693.18 million, a decrease of RMB181.63 million compared with that of RMB874.81 million for the year ended 31 August 2023. For the year ended 31 August 2024, adjusted net profit margin was 18.57%, a decrease of 5.85% compared with that of 24.42% for the last year.

For the year ended 31 August 2024, the Group recorded net profit of RMB613.09 million, increased by RMB402.32 million compared with that of RMB210.77 million for the year ended 31 August 2023.

Capital Commitments

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

Items	**As at 31 August 2024 (in millions of RMB)**	As at 31 August 2023 (in millions of RMB)
Contracted, but not provided for:		
Property, plant and equipment	**600.24**	971.63
Prepaid land lease payments	**37.73**	37.73
Acquisition of equity interests	**66.78**	—
Total	**704.75**	1,009.36

Liquidity, Financial Resources

As at 31 August 2024, the Group had total cash and bank balances of RMB3,100.75 million (31 August 2023: RMB2,927.73 million), among which: (i) cash and cash equivalents amounted to RMB2,549.30 million (31 August 2023: RMB2,827.72 million); and (ii) pledged and restricted deposits amounted to RMB551.45 million (31 August 2023: RMB100.01 million).

Foreign Currency Risk

The majority of the Group's assets, income and payments are denominated in RMB. Nevertheless, the Group had currency exposure from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds.

Please refer to Note 39 to the consolidated financial statements for a sensitivity analysis on fluctuation in US$ and HK$ against RMB.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this annual report, there were no significant investments held as at 31 August 2024, nor other material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

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 and financial leasing companies. As at 31 August 2024, the aggregate loan balance amounted to RMB3,237.36 million (31 August 2023: RMB3,473.01 million), mostly denominated in RMB. As at 31 August 2024, the Group's bank loans and other borrowings bore effective interest rates ranging from 3.8% to 10.67% per annum (31 August 2023: 3.9% to 10.65% per annum).

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

Current Ratio

As at 31 August 2024, current assets of the Group amounted to RMB4,019.17 million, consisting of cash and cash equivalents of RMB2,549.30 million, prepayments, deposits and other receivables of RMB814.06 million, trade receivables of RMB83.68 million, pledged and restricted deposits of RMB543.94 million, contract cost assets of RMB23.37 million and amounts due from related parties of RMB4.82 million. Current liabilities of the Group amounted to RMB7,431.00 million, including other payables and accruals of RMB2,662.98 million, contract liabilities of RMB2,267.79 million, interest-bearing bank and other borrowings of RMB2,054.78 million and other current liabilities of RMB445.45 million. As at 31 August 2024, current ratio (current assets divided by current liabilities) of the Group was 0.54 (31 August 2023: 0.44).

Contingent Liabilities

As at 31 August 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Charge on Group Assets

As at 31 August 2024, certain of the Group's property, plant and equipment, deposits, equity interests in certain subsidiaries were pledged to secure the bank loans and other borrowings from third parties granted to the Group. For details, please refer to Note 25 and Note 27 to the consolidated financial statements.

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

Future Plans for Substantial Investments or Capital Assets

As at 31 August 2024, the Group did not have any future plans for material investments or capital assets.

Net Debt to Equity Ratio

Net debt to equity ratio equalled to total interest-bearing bank and other borrowings of RMB3,237.36 million, net of cash and cash equivalents of RMB2,549.30 million, pledged and restricted deposits of RMB551.45 million as at 31 August 2024 divided by total equity of RMB9,154.49 million as at 31 August 2024. The Group's net debt to equity ratio decreased to 1.5% as at 31 August 2024 as compared with 6.5% as at 31 August 2023, which was mainly due to the decrease in the Group's interest-bearing bank and other borrowings and the increase in the total equity.

Debt to Equity Ratio

As at 31 August 2024, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank and other borrowings by total equity) was approximately 35.4% (31 August 2023: 41.2%).

OTHER EVENTS

Events after the Reporting Period

1. On 16 September 2024, the Bank of New York Mellon, London Branch filed a Notice of Appeal to the Court of Appeal against the order of dismissal of winding-up petition made by the High Court on 28 August 2024 (the "**Appeal**"). The hearing of the Appeal is fixed on 17 April 2025. For details, please refer to the announcement of the Company dated 18 December 2024.

2. With effect from 27 September 2024, Mr. Tang Jianyuan has resigned as a non-executive Director and a member of the audit committee of the Company for his personal matters; Mr. Xu Changjun has been re-designated from the position of an executive Director to a non-executive Director, ceased to be a member of the strategy and development committee of the Company and has been appointed as a member of the audit committee of the Board; and Mr. Deng Yi has been appointed as an executive Director and a member of the strategy and development committee. For details, please refer to the announcement of the Company dated 27 September 2024.

3. On 23 September 2024, the Group entered into supplemental agreements with Yunnan International Trust Co., Ltd. to rearrange the clause about the pledged deposits requested for the Group's asset-backed notes. According to the supplemental agreements, as at each 1 October before the borrowing fully repaid, deposits equivalent to the amounts of the principal and interest to be repaid within the following twelve months from each 1 October will be set aside as security for the repayment. As a result, part of the pledged and restricted deposits as at 31 August 2024 amounting to RMB179,892,000 will be released.

4. On 29 November 2024, Sichuan Hope Education and Chengdu Jinyuhua entered into a transfer agreement with Laike Holdings and Nanfeng Company. As the highest applicable percentage ratio in respect of the disposal exceeds 25% but is less than 75%, the disposal is subject to approval of the special general meeting of the Group pursuant to Rule 14.06(3) of the Listing Rules. Upon completion of relevant approval procedures and the transaction, the financial results of Giant Education and its affiliated entities and Wuhu Property will cease to be incorporated into the consolidated financial statements of the Group. For details, please refer to the announcement of the Company dated 29 November 2024.

5. With effect from 29 November 2024, Ms. Lou Qunwei has resigned as an executive Director and a member of the Strategy and Development Committee of the Company due to change in work arrangement. Ms. Wang Xiu has been appointed as an executive Director of the Company and a member of the Strategy and Development Committee. For details, please refer to the announcement of the Company dated 29 November 2024.

6. With effect from 4 December 2024, Mr. Yang Wen has been appointed as our chief investment officer. For details, please refer to the announcement of the Company dated 4 December 2024.

CORPORATE GOVERNANCE CODE

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

For the year ended 31 August 2024, the Company has complied with all the code provisions set out in Part 2 of the Corporate Governance Code and satisfied substantially all of the recommended best practices requirements as set out in Part 2 of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

For the year ended 31 August 2024, the Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry on all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors during the year ended 31 August 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Reporting Period. The Company holds no treasury shares as of the end of the Reporting Period.

PAYMENT OF FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2024 due to funding arrangements such as debt servicing.

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 2024.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 August 2024, but represents an extract from the consolidated financial statements for the year ended 31 August 2024 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
Wang Huiwu (汪輝武)	51	5 January 2005	Executive Director Chief Executive Officer President	13 March 2017 2 February 2018 2 February 2018	Responsible for implementing Board resolutions as well as overall strategic planning and operational management of the Group
Deng Yi (鄧怡)	40	27 September 2024	Executive Director	27 September 2024	Responsible for business development of the Group
Wang Xiu (汪秀)	32	1 Marh 2018	Executive Director	29 November 2024	Responsible for business development of the Group
Xu Changjun (徐昌俊)	67	18 April 2012	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
Li Tao (李濤)	54	5 December 2010	Non-executive Director	13 March 2017	Responsible for monitoring overall management and strategic planning of the Group
Zhang Bing (張兵)	54	5 January 2024	Non-executive Director and Chairman	5 January 2024	Responsible for monitoring overall management and strategic planning of the Group as well as overseeing the affairs of the Board
Zhang Jin (張進)	66	14 July 2018	Independent Non-executive Director	14 July 2018	Responsible for monitoring the Group and providing independent advice
Liu Zhonghui (劉仲輝)	66	1 January 2023	Independent Non-executive Director	1 January 2023	Responsible for monitoring the Group and providing independent advice
Xiang Chuan (向川)	66	1 January 2023	Independent Non-executive Director	1 January 2023	Responsible for monitoring the Group and providing independent advice

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

Name	Age	Date of First Joining the Group	Position	Date of Appointment	Roles and Responsibilities
Wang Huiwu (汪輝武)	51	5 January 2005	Chief Executive Officer President	2 February 2018 2 February 2018	Responsible for implementing Board resolutions as well as overall strategic planning and operational management of the Group
Jiang Lin (蔣林)	57	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)	55	12 January 2005	Senior Vice President	2 February 2018	Responsible for the teaching and management of students
Yang Wen (楊文)	41	4 December 2024	Chief Investment Officer	4 December 2024	Responsible for managing the current investment and financing portfolio of the Group, optimising the capital structure of the Group, participating in the work of material capital operation of the Group, and performing risk management and financial assessment. At the same time, he will be responsible for executing investment strategy of the Group and advising the Group on potential investment projects
Yuan Junmin (袁俊民)	43	1 January 2021	Chief Financial Officer	1 January 2021	Responsible for finance management of the Group

Directors

Wang Huiwu (汪輝武), aged 51, is an executive Director, the chief executive officer and the president. Mr. Wang has been appointed as an executive Director of the Company since 13 March 2017 and chief executive officer and president of the Company since 2 February 2018.

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

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

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

Deng Yi (鄧怡), aged 40, is an executive Director. Mr. Deng has been appointed as an executive Director of the Company since 27 September 2024.

Mr. Deng worked as an auditor of KPMG Huazhen Certified Public Accountants LLP from September 2006 to December 2008. Mr. Deng has also successively served in Honghua Group (stock code: 0196) as the manager of the audit department, the financial manager of Dubai Honghua Golden Coast Equipment Limited* (迪拜宏華金海岸設備有限公司), the finance director of Hong Kong Honghua Oil & Gas Engineering Services Company Limited* (香港宏華油氣工程服務有限公司) and the finance director of the oil and gas engineering division of the Honghua Group from December 2008 to March 2017. He has served as the executive director of Guanghe Kunji Business Operation Management Co., Ltd.* (光合鯤驥商業運營管理公司) since 2020. He has served as the chairman of Hainan Hope Huawu Investment Co. Ltd* (海南希望花舞投資有限公司) since 2023. He has served as a non-independent director of Dingli Corp., Ltd (300050.SZ) since November 2024.

Mr. Deng graduated from Shanghai International Studies University (上海外國語大學) International Economic Law School with a bachelor's degree in law in June 2006.

Wang Xiu (汪秀), aged 32, is an executive Director. Ms. Wang has been appointed as an executive Director of the Company since 29 November 2024.

Ms. Wang served as an assistant to the chief of student finance office of Mayflower Technician College (四川五月花技師學院) from March 2018 to October 2018 and the international project manager at Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院). Ms. Wang served as Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) as the head of the development department from July 2020 up to now.

Ms. Wang received her bachelor's degree in Economics and Management from Sichuan University (四川大學) in June 2021.

Xu Changjun (徐昌俊), aged 67, is a non-executive Director. Mr. Xu has been redesignated as non-executive Director of the Company since 27 September 2024. Mr. Xu has served as chairman of the Company from 2 February 2018 to 18 February 2022 and has been appointed as an executive Director of the Company from 13 March 2017 to 27 September 2024. Mr. Xu has been a director of Sichuan Hope Education since April 2012, the chairman of Sichuan Hope Education from September 2016 to June 2022.

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

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

Li Tao (李濤), aged 54, is an executive Director. Mr. Li has been redesignated as a non-executive Director of the Company since 24 January 2024.

Mr. Li served as an executive Director of the Company from 13 March 2017 to 24 January 2024. Mr. Li served as a director of the investment and development department of Sichuan Hope Education from December 2010 to 2012 and an executive president of Sichuan Hope Education from 2012 to 2018. M. Li Serviced as the chief strategy officer of the Company from February 2018 to March 2021; and the chairman of Dingli Corp., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300050) since March 2021. Mr. Li was the general manager of Chengdu Hanwang Technology Co., Ltd. (成都漢王科技有限公司) from 1995 to December 2010.

Mr. Li has been enrolled in the master of business administration learning program in May 2016 and obtained the master degree at China Europe International Business School in Beijing.

Zhang Bing (張兵), aged 54, is a non-executive Director and chairman. Mr. Zhang has been appointed as non-executive Director and chairman since 5 January 2024.

Mr. Zhang has served as the executive director of Sichuan Meihao Jiayuan Trade Co., Ltd. (四川美好家園商貿有限公司) since 23 April 2004; a director and general manager at Wuzhishan Huawurenjian Tourism Investment Co., Ltd. (五指山花舞人間旅遊投資有限公司) since 2 September 2011; the manager of Sichuan Meihao Jiayuan Investment Development Co., Ltd. (四川美好家園投資發展有限公司) since 28 March 2012; the general manager of Sichuan Meihao Jiayuan Investment Co., Ltd. (四川美好家園投資有限公司), a subsidiary of Chengdu West Hope Group Limited (成都華西希望集團有限公司), since 28 March 2012, and has been promoted as the vice president of Chengdu West Hope Group Limited (成都華西希望集團有限公司) since 28 June 2012; a supervisor of Panzhihua Huawurenjian Tourist Attractions Development Co., Ltd. (攀枝花花舞人間旅遊景區開發有限公司) since 3 December 2014; a director and manager of Baotou Hope Huawu Renwen Ecological Agricultural Park Co., Ltd. (包頭市希望花舞人問生態農業園有限公司) since 4 May 2016; a director of Chengdu Tequ Jenny Trade Co., Ltd. (成都特驅珍妮商貿有限公司) since 18 August 2016; the chairman of the board of Sichuan Hope Huawu Agricultural Tourism Development Co., Ltd. (四川希望花舞農業旅遊開發有限公司) since 15 December 2016; a manager at Sichuan Desheng Ronghe Industrial Group Co., Ltd. (四川德盛榮和實業集團有限公司) since 8 June 2017; a director of Panzhihua Huawurenjian Industry Co., Ltd. (攀枝花花舞人間實業有限公司) since 17 April 2018; the executive director of Guangan Meihao Jiayuan Supermarket Chain Co., Ltd. (廣安美好家園連鎖超市有限公司) since 31 May 2018; the chairman of the board of Chengdu Huizong Landscaping Engineering Co., Ltd. (成都慧宗園林綠化工程有限公司) since 26 March 2019; the chairman of the board of Chengdu Hope Huawu Cultural Tourism Industry Group Co., Ltd. (成都希望花舞文化旅遊產業集團有限公司) since 29 April 2019; a director of Sichuan Hope Walnut Industrial Development Co., Ltd. (四川希望沃野實業發展有限公司) since 8 October 2019; an executive director and manager of Sichuan Hope Huawu Industrial Development Group Co., Ltd. (四川希望花舞實業發展集團有限公司) since 12 November 2019; a director of Dazhou Tequ Datai Real Estate Development Co., Ltd. (達州特驅達泰房地產開發有限責任公司) since 29 March 2021; the general manager of Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司), one of the controlling shareholders of the Company, since 21 June 2022; a director of Sichuan Special Drive Agricultural and Animal Husbandry Technology Group Co., Ltd. (四川特驅農牧科技集團有限公司) since 13 July 2022; the vice chairman of the board of Hainan Hope Huawu Investment Co., Ltd. (海南希望花舞投資有限公司) since 19 July 2023; and a director of Chengdu Jinchengxiang Investment Co., Ltd. (成都錦城祥投資有限公司) since 9 November 2023.

Mr. Zhang obtained a master's degree in economics from Cheung Kong Graduate School of Business in July 2013.

Zhang Jin (張進), aged 66, is an independent non-executive Director. Mr. Zhang has been appointed as an independent non-executive Director of the Company since 14 July 2018.

Mr. Zhang is a chief senior accountant. He worked at the Family Planning Commission of Sichuan Province till April 1998, being responsible for financial operation. He served as the finance minister of West China Hospital of Sichuan University (四川大學華西醫院) from June 1998 to April 2011, and the chief accountant of West China Second Hospital of Sichuan University from March 2015 to August 2019. Mr. Zhang has served as a senior accountant review expert of Sichuan Province since February 2003; a review expert in government procurement bidding of the Ministry of Finance since January 2013; currently the vice chairman of the Health Accounting Branch of China Health Economics Association since December 2015 and served as a hospital management consulting and training expert in PRC. Currently, he has served as the vice president of the Health Accounting Branch of the China Association of Chief Accountants since October 2018. He has served as an internal control consulting expert in Sichuan Province since June 2017; and he served as a senior accountant reviewer in Sichuan Province from June 2018 to December 2023.

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

Liu Zhonghui (劉仲輝), aged 66, is an independent non-executive Director. Mr. Liu has been appointed as an independent non-executive Director of the Company since 1 January 2023.

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

Mr. Liu graduated from Neijiang Normal University (內江師範學院) with major in Chinese language in April 1980.

Xiang Chuan (向川), aged 66, is an independent non-executive Director. Mr. Xiang has been appointed as an independent non-executive Director of the Company since 1 January 2023.

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

Mr. Xiang obtained a master's degree in business and economics from the Graduate School of Chinese Academy of Social Sciences (中國社科院) in July 1998.

Senior Management

Wang Huiwu (汪輝武), aged 51, is the chief executive officer and the president. For the biography of Mr. Wang, see "— Directors".

Jiang Lin (蔣林), aged 57, is the chief operating officer and the executive vice president. Mr. Jiang has been appointed as the chief operating officer and the executive vice president since 2 February 2018. Mr. Jiang has served as an executive vice president of Sichuan Hope Education since February 2016.

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

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

Lou Qunwei (婁群偉), aged 55, is the senior vice president. Ms. Lou has been appointed as the senior vice president of the Company since 2 February 2018. Ms. Lou has served as a supervisor of Shanghai Shurui Investment Consultant Limited since September 2011; a director of Sichuan Yonghe Education Investment Limited from April 2014; the senior vice president of Sichuan Hope Education since October 2014; a council member of Sichuan Hope Automotive Technical College since January 2017; a director of Sichuan Guojian Investment Limited since May 2017; and the chairman of Southwest Jiaotong University Hope College since March 2018.

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

Mr. Yang, aged 41, is the chief investment officer. He has been appointed as the chief investment officer of the Company since December 2024.

From August 2006 to November 2008, Mr. Yang served as an auditor in the audit department of KPMG Huazhen LLP in Beijing and an assistant audit manager in the audit department of KPMG Advisory (China) Limited, Chengdu branch. From January 2009 to July 2009, Mr. Yang served as a manager of internal audit department of Sime Darby Berhad in greater China. From August 2009 to December 2016, Mr. Yang worked at Honghua Group Co., Ltd. (宏華集團有限公司) (Stock Code: 0196), a company listed on the Stock Exchange of Hong Kong Limited, where he served on various positions such as the assistant to the chief financial officer of the group and the group senior finance manager. From January 2017 to December 2020, Mr. Yang served as a chief financial officer of the proposed listing segment of USUNHOME Group Co., Ltd.* (域上和美集團有限公司). From April 2021 to November 2024, He served as an executive director, chief financial officer as well as the deputy head of the financial management center in Desun Real Estate Investment Services Group Co., Ltd. (Stock Code: 2270), a company listed on the Stock Exchange of Hong Kong Limited, and was responsible for the overall financial matters of the company.

Mr. Yang obtained his bachelor's degree in accounting management and minor in transportation and logistics economics from the University of International Business and Economics. Mr. Yang is a certified public accountant and holds the qualification certificate for serving as the secretary to the board of directors issued by the Shenzhen Stock Exchange.

Yuan Junmin (袁俊民), aged 43, is the chief financial officer. Mr. Yuan has been appointed as the chief financial officer of the Company since 1 January 2021.

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

Mr. Yuan obtained a bachelor's degree in accounting from Dongbei University of Finance and Economics in July 2009 and the title of senior accountant in June 2022.

Joint Company Secretaries

He Di (何迪), aged 36, has been appointed as the joint company secretaries of the Company since 13 June 2024

Mr. He joined the Group in April 2019 as the director of capital market and his daily responsibilities and duties including but not limited to the corporate governance matters, information disclosure, day-to-day operation and monitor and review of the internal control system of the Group.

Mr. He previously served as a senior auditor in the audit department and as a senior advisor in the enterprise risk management department at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) from September 2011 to April 2014. From June 2016 to April 2019, Mr. He served as a senior analyst at Giant Redwood (Shanghai) Asset Management Co., Ltd. (巨杉(上海)資產管理有限公司).

Mr. He obtained a bachelor's degree in international economic law from the Shanghai University of International Business and Economics (上海對外經貿大學) in July 2011 and a master's degree in investment management from the Hong Kong University of Science and Technology (香港科技大學) in June 2016. He holds the non-practicing member certificate of a certified public accountant in the PRC (CICPA) and the certificate of PRC lawyer qualification.

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

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 August 2024.

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 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 121 of this report.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Company that have occurred during the year ended 31 August 2024, an analysis of the Group's performance during the year using financial key performance indicators, and the Company's environment policy and performance as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "ESG Report" of this annual report, which also constitute part of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

For the year ended 31 August 2024, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

EMPLOYEES AND REMUNERATION POLICIES

The Group has achieved the diversity of all employees (including senior management) in terms of their gender, age, cultural and educational background, professional experience, skills and knowledge. As at 31 August 2024, the Group had approximately 14,000 faculty members, in which 36.8% were male and 63.2% were female, and gender diversity was achieved for all of our employees. For details of the gender and age distribution and loss rate of employees, see the "ESG Report" of this annual report. For the year ended 31 August 2024, total staff costs amounted to approximately RMB1,573.7 million (31 August 2023: approximately RMB1,397.9 million). Remuneration (including employees' benefits) is maintained within the market level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are primarily our students. For the year ended 31 August 2024, the percentage of sales attributable to the Group's five largest customers combined was less than 30% of the annual total sales.

Our suppliers primarily comprise of book suppliers, teaching equipment vendors, equipment and materials vendors and universities which we have entered into a cooperation agreement. For the year ended 31 August 2024, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 33.16% of the annual total purchases. Sichuan Wuyang Construction Project Co., Ltd. ("**Sichuan Wuyang**"), the Group's largest supplier, accounted for 15.41% of the annual total purchases. Mr. Wang Huiwu is the controlling Shareholder, executive Director and chief executive officer of the Company, and Sichuan Wuyang is a company held indirectly by his brother Mr. Wang Huiming and his sister-in-law Ms. Liu Zhiqun as to 55% and 45% respectively. As such, the transactions contemplated under the School Construction Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the year ended 31 August 2024, there were no material and significant dispute between the Group and its employees, suppliers and/or customers.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Our business and results of operations depend on the level of tuition and boarding fees we charged and our ability to maintain and raise tuition and boarding fee levels.
- The private higher education business is relatively new and may not gain wide acceptance in China.
- We face intense competition in China's higher education industry, which could lead to adverse pricing pressure, resulting in lower operating margins, loss of market share, departures of qualified employees and increased capital expenditure.
- We may not be able to execute our growth strategies successfully or effectively manage our future growth, which may hinder our ability to capitalize on new business opportunities.
- We may not be able to successfully integrate businesses that we acquire, which may cause us to lose the anticipated benefits from such acquisitions and to incur significant additional expenses.
- We are subject to uncertainties brought by the Amendment of the Law for Promoting Private Education of the People's Republic of China (《中華人民共和國民辦教育促進法修正案》) and the Implementation Rules for the Law for Promoting Private Education of the People's Republic of China (《中華人民共和國民辦教育促進法實施條例》).
- We may not be able to register the independent colleges as for-profit private schools or complete relevant procedures or obtain the government registrations under the current form of the MOE Draft for Comments.

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

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

DIVIDEND POLICY

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

PAYMENT OF FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2024 due to funding arrangements such as debt servicing and school establishment expenses.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Friday, 28 February, 2025. Notice convening the annual general meeting and other relevant documents will be published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.hopeedu.com) and will be dispatched to the shareholders who have indicated their wish to receive a printed copy 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, 28 February, 2025, the register of members of the Company will be closed from Tuesday, 25 February, 2025 to Friday, 28 February, 2025 (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, 24 February, 2025.

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 2024 are set out in Note 13 to the consolidated financial statements.

INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

Among the interests in land held for property development, the carrying amount of an land parcel located on the east side of Tianfu Avenue, Meishan High Street, Sichuan Province, Mainland China, 100% interest of which was owned by the Group, amounted to approximately RMB316,000,000 as at 31 August 2024 (approximately RMB342,279,000 as at 31 August 2023). The land parcel covers an area of 83,757 square meters with a lease period until 10 June 2091. Save for such land parcel, the carrying amounts of other interests in land held for property development as at 31 August 2023 do not exceed 5% of any of the percentage ratios (as defined under Rule 14.04(9)).

Investment Properties

	Property location	Area/sq.	Existing use	Group's interest
1.	Yinxi Industrial Park, Baiyin District (白銀區銀西產業園)	237,656	The property is currently vacant	100%
2.	Xiliu Community, Fuxing Town, Zhong County, Chongqing City (重慶市忠縣復興鎮西流社區)	100,533	The property is currently vacant	100%
3.	The east side of Tianfu Avenue and the north side of Logistics Avenue, Shigao Street, Meishan High Street, Sichuan Province & the east side of Tianfu Avenue, Meishan High Street, Sichuan Province (四川省眉山市仁壽縣視高街道天府大道東側、物流大道北側 & 四川省眉山市仁壽縣視高街道天府大道東側)	83,757	The property is currently vacant	100%
4.	East side of Binhe East Road and north side of Shuncheng Road, Weixian County, Xingtai City, Hebei Province (河北省邢台市威縣濱河東路東側、順城路北側)	66,546	The property is currently vacant	100%

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2024 are set out in Note 32 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium. Under the Companies Act of the Cayman Islands and subject to compliance with the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As at 31 August 2024, the Company's reserve available for distribution to Shareholders amounted to approximately RMB5,132 million.

DIRECTORS

The Directors during the year ended 31 August 2024 and up to the date of this annual report were:

Executive Directors

Mr. Deng Yi
Mr. Wang Huiwu *(Chief Executive Officer and President)*
Ms. Wang Xiu

Non-Executive Directors

Mr. Zhang Bing *(Chairman)*
Mr. Li Tao
Mr. Xu Changjun

Independent Non-executive Directors

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

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at 31 August 2024, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director(s) and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO), or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Position	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2024[7]
Wang Huiwu[1]	Executive Director and Chief Executive Officer	Founder of a discretionary trust who can influence how the trustee exercises his/her discretion	3,717,553,240	Long Position	
		Beneficial interest	170,772,000	Long Position	
			3,888,325,240		47.27%
Li Tao[2]	Non-executive Director	Beneficial interest	5,697,167	Long Position	0.07%
Zhang Bing	Non-executive Director and Chairman	Beneficial interest	5,001,484	Long Position	0.06%
Xu Changjun	Non-executive Director	Beneficial interest	5,000,000[3]	Long Position	0.06%
Tang Jianyuan[4]&[5]	Former Non-executive Director	Beneficial Interest	20,000,000[3]	Long Position	0.24%
Lou Qunwei[6]	Former Executive Director	Beneficial Interest	10,000,000[3]	Long Position	0.12%

Notes:

1) As at 31 August 2024, Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Cantrust Far East Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited hold 96.00% interest in Maysunshine Limited, Maysunshine Limited hold 43.19% 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 45.20% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited (希望教育投資有限公司).

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

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

4) As at 31 August 2024, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生搏根源有限公司); Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited; Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited; and Hope Education Investment Limited holds approximately 45.2% interest in the Company.

   As at 31 August 2024, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生搏根源有限公司); Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited; Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited; and Hope Education Investment Limited holds approximately 45.2% interest in the Company. Liu Birong (劉碧容) is the spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生搏根源有限公司) held by Liu Birong (劉碧容).

5) Tang Jianyuan (唐健源) has resigned as a non-executive Director on 27 September 2024.

6) Lou Qunwei (婁群偉) was appointed as an executive Director on 26 April 2024, and resigned on 29 November 2024.

7) As at 31 August 2024, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 31 August 2024, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

To the knowledge of any of Directors or chief executives of the Company, as at 31 August 2024, the persons (other than the Directors or chief executives of the Company) or entities having an interest or short positions in Shares and underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Long Position/ Short Position	Approximate Percentage of Shareholding in the Company as at 31 August 2024[2]
Hope Education Investment Limited[1]	Beneficial interest	3,717,553,240	Long Position	45.20%
Cantrust Far East Limited[1]	Trustee	3,717,553,240	Long Position	45.20%
Maysunshine Limited[1]	Interest in controlled corporation	3,717,553,240	Long Position	45.20%
Maysunshine Holdings Limited[1]	Interest in controlled corporation	3,717,553,240	Long Position	45.20%
Tequ Group A Limited[1]	Interest in controlled corporation	3,717,553,240	Long Position	45.20%
Tequ Group (Hong Kong) Company Limited[1]	Interest in controlled corporation Beneficial interest	3,717,553,240 42,242,703		
		3,759,795,943	Long Position	45.71%
Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司)[1]	Interest in controlled corporation	3,759,795,943	Long Position	45.71%
Sichuan Tequ Investment[1]	Interest in controlled corporation	3,759,795,943	Long Position	45.71%
Chengdu West Hope Group Limited (成都華西希望集團有限公司) ("**West Hope**")[1]	Interest in controlled corporation	3,759,795,943	Long Position	45.71%
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	3,759,795,943	Long Position	45.71%

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 2024[2]
Zhang Qiang (張強)[1]	Interest in controlled corporation	3,759,795,943	Long Position	45.71%
Wang Degen (王德根)[1]	Interest of spouse	3,759,795,943	Long Position	45.71%
Chen Yuxin (陳育新)[1]	Interest in controlled corporation	3,759,795,943	Long Position	45.71%
Zhao Guiqin (趙桂琴)[1]	Interest in controlled corporation Interest of spouse	3,759,795,943	Long Position	45.71%

Notes:

(1) Hope Education Investment Limited, a BVI company, is owned as to 43.19% by Maysunshine Limited, 38.30% by Tequ Group A Limited and 18.51% by Tequ Group Limited (特驅集團有限公司).

Maysunshine Limited is owned as to 96.00% by Maysunshine Holdings Limited, which is in turn 100% beneficially held by Wang Huiwu (汪輝武) Family Trust (Cantrust Far East Limited as trustee of the trust).

Thus, Maysunshine Limited, Tequ Group A Limited and Maysunshine Holdings Limited are deemed to be interested in 3,717,553,240 Shares of long position.

Tequ Group A Limited is a wholly-owned subsidiary of Tequ Group (Hong Kong) Company Limited. Tequ Group (Hong Kong) Company Limited is wholly owned by Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司). Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) is wholly owned by Sichuan Tequ Investment, which is in turn owned as to 49% by West Hope, 40.09% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) and 10.91% by Sichuan Desheng Ronghe Industrial Group Co., Ltd. (四川德盛榮和實業集團有限公司). West Hope is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owned as to 52.20% by Zhang Qiang (張強). Wang Degen (王德根) and Zhang Qiang (張強) are spouses.

Thus, Tequ Group (Hong Kong) Company Limited, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Zhang Qiang (張強), Wang Degen (王德根), Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are deemed to be interested in 3,759,795,943 Shares of long position.

(2) As at 31 August 2024, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 31 August 2024, the Directors and chief executives of the Company are not aware of any other person or corporation who has an interest or short positions in Shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

2018 PRE-IPO SHARE OPTION SCHEME

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

Purpose

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

Who may Join

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

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

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

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

Maximum Number of Shares

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

Maximum Entitlement of Each Participant

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

Vesting and Exercise Period

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

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

Amounts Payable for Application or Acceptance of Share Options

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

Exercise Price

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

Duration of the 2018 Pre-IPO Share Option Scheme

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

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

As at 31 August 2024, the number of relevant Shares subject to outstanding options under the 2018 Pre-IPO Share Option Scheme is 230,287,254 Shares, representing approximately 2.8% of the issued share capital of the Company. As at 31 August 2024, our Company had granted Pre-IPO Share Options to 321 Participants under the 2018 Pre-IPO Share Option Scheme.

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

	Number of share options									Weighted average closing price of the Company's shares		
Grantee	As at 1 September 2023	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 August 2024	Date of grant	Exercise period	Exercise price per share option HK$ per share	Vesting period	Price of the Company's shares before the grant date HK$ per share	Immediately before the exercise date HK$ per share	At the exercise date of share options HK$ per share
Directors												
Li Tao	5,697,167	–	–	–	5,697,167	18 March 2018	From 2 February 2019 to 2 August 2038	1.07	From 18 March 2018 to 2 February 2019	–	–	–
Sub-total	5,697,167	–	–	–	5,697,167					–	–	–
Employees (including Senior Management)												
320 individuals	224,590,087	–	–	–	224,590,087	18 March 2018	From 2 February 2019 to 2 August 2038 or from 2 February 2020 to 2 August 2020	0.68/1.07/1.30	From 18 March 2018 to 2 February 2019	–	–	–
Total	230,287,254	–	–	–	230,287,254				–	–	–	–

As at 31 August 2024, save for disclosed above, no share options were exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme.

Note: As at 1 September 2023 and 31 August 2024, no share option was available for grant under the 2018-Pre-IPO Share Option Scheme of the Company. Details of the 2018 Pre-IPO Share Option Scheme of the Company adopted on 18 March 2018 are set out in Note 31 to the consolidated financial statements of this annual report.

2022 SHARE OPTION SCHEME

The Company adopted the 2022 Share Option Scheme on 18 March 2022 to provide incentives or rewards to eligible participants for their past services or performance. The principal terms of the 2022 Share Option Scheme are set out as follows:

Purpose

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

Participants

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

Maximum Number of Share Options

The total number of Shares available for issue under the 2022 Share Option Scheme is 802,755,070, representing approximately 9.76% of the total Shares in issue as at the date of this annual report.

Maximum Entitlement of a Grantee

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

Subscription

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

Time of Exercise of Share Options

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

Exercise Price

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

Duration

The 2022 Share Option Scheme will be valid for a period of ten (10) years commencing from 18 March 2022, unless terminated in advance under the relevant requirements of the 2022 Share Option Scheme. The remaining life of the 2022 Share Option Scheme is approximately 7.2 years.

On 26 September 2023, the Company granted a total of 190,000,000 share options to 18 eligible participants. The following table discloses movements in the outstanding options granted to all grantees under the 2022 Share Option Scheme:

	Date of Grant	Vesting Date	Exercise Period	Granted during the Reporting Period	Exercised during the Reporting Period	Share Options cancelled/ lapsed during the Reporting Period	Exercise Price of Share HK$ per Share	Numbers of Share Options Outstanding at 1 September 2023	Number of Share Options Outstanding at 31 August 2024
Xu Changjun	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 Nov 2032	—	—	—	0.486	5,000,000	5,000,000
He Shengli[3]	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 Nov 2032	—	—	10,000,000	0.486	10,000,000	—
	26 September 2023	26 September 2024	during the period from 26 Sep 2024 to 30 Nov 2032	15,000,000	—	15,000,000	0.493	—	—
Tang Jianyuan[4]	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 Nov 2032	—	—	—	0.486	5,000,000	5,000,000
	26 September 2023	26 September 2024	during the period from 26 Sep 2024 to 30 Nov 2032	15,000,000	—	—	0.493	—	15,000,000
Lou Qunwei[5]	26 September 2023	26 September 2024	during the period from 26 Sep 2024 to 30 Nov 2032	10,000,000	—	—	0.493	—	10,000,000
Employees (non-connected persons)	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 Nov 2032	—	—	33,559,000	0.486	395,081,822	361,522,822
	26 September 2023	26 September 2024	during the period from 26 Sep 2024 to 30 Nov 2032	150,000,000	—	—	0.493	—	150,000,000
Total				190,000,000	—	58,559,000		415,081,822	546,522,822

Notes:

1. The validity period of share options granted on 11 May 2022 is from 1 December 2022 to 30 November 2032 (both day inclusive). No Share Options could be exercised before 10 May 2023. The closing price of the Shares on 10 May 2022 was HK$0.455. As at 1 September 2023, the number of options available for grant under the 2022 Share Option Scheme is 190,249,248 Shares. As at 31 August 2024, the number of options available for grant under the 2022 Share Option Scheme is 58,808,248 Shares.

2. On 26 September 2023, the Company granted a total of 190,000,000 share options to 18 eligible participants to subscribe for 190,000,000 ordinary shares of US$0.00001 each. For details, please refer to the Company's announcements dated 26 September 2023 and 3 October 2023. The share options granted on 26 September 2023 are valid from the date of grant to 30 November 2032 (both dates inclusive). The closing price of the shares on 25 September 2023 was HK$0.490. The vesting of these share options is subject to the achievement of certain performance targets and other conditions determined by the Board at its sole discretion and notified in writing to the grantee(s). Performance targets are related to (i) financial parameters of the Group and (ii)individual performance indicators related to the grantee's role and responsibilities. The average fair value of the share options granted on 26 September 2023 was RMB0.2515 per share at the date of grant. Details of the valuation, including the accounting standards and policies adopted, are set out in Note 31 of the consolidated financial statement of this report.

3. Mr. He Shengli resigned with effect from 5 January 2024.

4. Mr. Tang Jianyuan resigned with effect from 27 September 2024.

5. Ms. Lou Qunwei resigned with effect from 29 November 2024.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Reporting Period is 190,000,000, representing 2.3% of the weighted average number of Shares in issue for the Reporting Period.

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

During the year ended 31 August 2024, neither the Company nor any of its subsidiaries had purchase, sell or redeem any listed securities of the Company (including the sale of treasury shares). As at the end of the Reporting Period, there is no treasury shares held by the Company.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group on 31 August 2024 are set out in Note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme as described above, no equity-linked agreements were entered into by the Company during the year ended 31 August 2024.

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 2024, 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 2024.

CONTRACTS OF SIGNIFICANCE ENTERED INTO WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2024, 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 2024, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder of the Company or any of its subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

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

1. Property Cooperation Framework Agreement

Since 2014 and for the year ended 31 August 2024, our schools have leased certain properties to certain of the 30%-controlled companies of Wang Huiwu and the then subsidiaries of XJ International, which became subsidiaries of Tequ Education following the division as discussed in "History — Reorganization of our Consolidated Affiliated Entities — The Division of XJ International for Delineation of Business" in the Prospectus. Our Company, Mr. Wang Huiwu and Tequ Education entered into a property leasing framework agreement (the "**Property Leasing Framework Agreement**") on 20 July 2018 in respect of the leasing of land, buildings, ancillary facilities from us to Tequ Education and/or its associates. On 11 February 2021, the Property Leasing Framework Agreement has been renewed by Sichuan Hope Education (a consolidated affiliated entity of the Company) and Tequ Education. On 21 July 2023, Sichuan Hope Education and Tequ Education entered into the New Property Cooperation Framework Agreement, pursuant to which Sichuan Hope Education and its respective subsidiaries shall cooperate in the operation and management of rights of use of various land and buildings, as well as ancillary facilities and equipment by way of leasing, trusteeship, etc. for a term of three years ending on 31 August 2025. The following table sets forth a summary of the Property Cooperation Framework Agreement.

Lessee	Lessor	Duration of the Lease	Description of the properties leased	Actual amounts for the year ended 31 August 2024	Annual cap for the year ended 31 August 2024
				(in millions of RMB)	
Tequ Education and its associates	Our Company	Three years ending on 31 August 2025	Operates and manages the right of use of various lands and buildings as well as ancillary facilities and equipment by way of leasing and trusteeship, etc.	15.67	80

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

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

During the year ended 31 August 2024, the amounts of rent paid or payable by Tequ Education and/or its associates to us were RMB15.67 million. The annual caps were estimated based on the rental payable as determined with reference to (i) the prevailing market rents and trend for properties at a location and with a size similar to the properties; various particulars of the properties, including but not limited to the location of such leased properties and the facilities and management services related to the properties; the supply of properties with a similar size at nearby locations); (ii) the prevailing market rents for similar properties near the leased properties; and (iii) the expected amount of service charges and other expenses.

The above-mentioned continuing connected transactions during the year have been reviewed by all independent non-executive Directors, and they confirmed that these transactions are:

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

(b) on normal commercial terms or better; and

(c) conducted in accordance with the relevant agreements governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders as a whole.

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

(1) have not been approved by the Board of the listed issuer;

(2) the pricing policy of the listed issuer group is not followed in all material aspects when the transaction involves the provision of goods or services by the group of the listed issuer;

(3) the relevant transaction was not carried out in accordance with the agreement in all material respects; and

(4) exceed the upper limit.

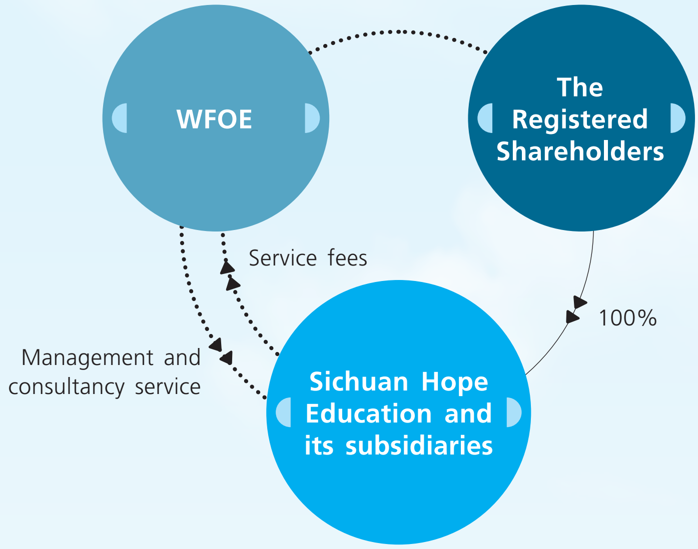
2. Contractual Arrangements

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 paid by our consolidated affiliated entities to WFOE.

The following simplified diagram illustrates the flow of economic benefits from Sichuan 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 Sichuan Hope Education; (2) exclusive options to acquire all or part of the equity interests in Sichuan Hope Education; and (3) equity pledges over the equity interests in Sichuan Hope Education as to exercise the right of control upon Registered Shareholders.

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

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

Listing Rules Implications

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

Name	Connected relationships
Sichuan Tequ Investment and Chengdu Mayflower Investment Management	A substantial shareholder of Sichuan Hope Education, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules
Wang Huiwu	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 and Tang Jianyuan	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 Sichuan Hope Education and therefore connected persons of our Company under Rule 14A.07(1) of the Listing Rules
Spouses of the substantial Shareholders (as applicable)	Spouses of the substantial Shareholders of the Company and therefore connected persons of our Company under Rule 14A.07(1) and Rule 14A.12(1)(a) of the Listing Rules

Summary of the Material Terms of the Contractual Arrangements

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

(1) Exclusive Management Consultancy and Business Cooperation Agreement

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

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

(4) Powers of Attorney

The Registered Shareholders have executed an irrevocable power of attorney on 14 March 2018 appointing WFOE, or any person designated by WFOE (excluding non-independent persons who may give rise to conflicts of interests), as his or her attorney-in-fact to appoint directors and vote on his or her behalf on all matters of Sichuan 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 Sichuan 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 Sichuan Hope Education to WFOE (the "**Shareholders' Undertaking**"). Pursuant to Shareholders' Undertaking, each of the promisors does not and will not use their direct or indirect interests in the Registered Shareholders to make pledge, sale, other third party guarantees, other third party priority pledge, or other disposals or transactions that have equal economic effects to affect the first priority pledge over equity interests in Sichuan 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 Sichuan Hope Education and its subsidiaries ("**Competing Businesses**") with any information obtained from Sichuan Hope Education or its subsidiaries, or derive any benefits from any Competing Businesses.

As Zhuhai Maiwen became a shareholder of Sichuan 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 Sichuan 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 Sichuan Hope Education and its subsidiaries (i.e. our schools and our education investment platforms). The principle business of Sichuan 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 2024	**Net profit For the year ended 31 August 2024**	**Total assets For the year ended 31 August 2024**
The importance and financial contribution to the Group	87.08%	87.13%	82.40%

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 2024, and such income and assets will be consolidated into the Group's financial statements in accordance with the contractual arrangements:

	Income RMB million	**Assets RMB million**
Consolidated Affiliated Entities	3,250	18,361

Governing Framework

(1) Higher education

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

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

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

(2) Plan to comply with the Qualification Requirement

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

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

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

- under the guidance of our PRC Legal Advisor, continue to keep ourselves updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement; and
- provide periodic updates in our annual and interim reports after the Listing to inform our Shareholders of our efforts and actions undertaken with the Qualification Requirement.

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

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

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

- revoking the business and operating licenses of our PRC subsidiaries or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or consolidated affiliated entities;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The independent non-executive Directors of the Company have reviewed the contractual arrangements and confirmed for the year ended 31 August 2024, 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 2024.

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

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

Material Changes

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

Unwind the Contractual Arrangements

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

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

As at 31 August 2024, the total area of land used by our schools which had not obtained the land use right certificates and has not paid the land transfer fee decreased as compared with the previous year.

As at 31 August 2024, 33.5% of the total housing area of our schools had not yet obtained the building ownership certificates, primarily due to the lack of construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and acceptance inspection upon completion (竣工驗收), having not passed fire control assessment and/or environmental protection inspection assessment as required under relevant PRC laws and regulations. We have implemented extensive and comprehensive measures to rectify the above defects in our owned buildings and buildings under construction. We are in the process of applying to relevant government authorities for the relevant outstanding certificates and permits and are closely following up with the approval from the government authorities with respect to our applications.

In addition, as at 31 August 2024, some of our schools did not fully meet the regulatory requirements in terms of the teaching and administrative building area per student or the site area per student.

As at 31 August 2024, 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 2024 are presented in Note 35 to the consolidated financial statements. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

NON-COMPETE UNDERTAKING

Each of West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強), Wang Degen (王德根), Tang Jianyuan (唐健源), Liu Birong (劉碧容), Wang Qiang (王強), Lan Hai (蘭海), Zeng Zheng (曾正), Zhou Xingbang (周興幫), Wang Xiaoguo (王孝國), Xiao Song (肖崧), Mei Shaofeng (梅紹鋒), Wang Huiwu (汪輝武) and Fu Wenge (付文革), being our controlling Shareholders, and their respective close associates undertake to our Company and WFOE as part of the contractual arrangements that, unless with the prior written consent of WFOE and Sichuan Hope Education, so long as he/she/it remains a shareholder of Sichuan 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 Sichuan Hope Education and its subsidiaries ("**Competing Businesses**") for interests of itself or other parties, or engage in Competing Businesses with any information obtained from Sichuan Hope Education or its subsidiaries, or derive any benefits from any Competing Businesses.

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

During the year ended 31 August 2024, none of the Directors or any of their respective associates is engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

REMUNERATION POLICIES AND DIRECTORS' REMUNERATION

As at 31 August 2024, the Group had approximately 14,000 faculty members. Employee compensation includes salary, bonus and stock option schemes. The Group provides pre-employment training for new teachers to help new teachers integrate into the teaching staff faster and better. The remuneration packages of the Group's employees are determined by reference to individual qualifications, experience, performance, contribution to the Group and current market standards. In accordance with PRC laws and regulations, the Group participates in employee social security schemes managed by local governments for employees, including housing, pensions, medical insurance, maternity insurance and unemployment insurance.

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

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

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 8 and Note 9 respectively, to the consolidated financial statements in this annual report. None of the Directors has waived any remunerations for the year ended 31 August 2024. No remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

FINANCIAL SUMMARY

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

TAX CONCESSION AND EXEMPTION

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

DIRECTORS' PERMITTED INDEMNITY PROVISION

According to the Memorandum and Articles of Association of the Company, each Director, auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or suffered by him as the Director, auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is discharged. During the year ended 31 August 2024, 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
XJ International Holdings Co., Ltd.
Chairman
Zhang Bing

Hong Kong, 29 November 2024

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules to ensure that the Company's business activities and decision-making processes are regulated in a proper and prudent manner.

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

THE BOARD

For the year ended 31 August 2024 and up to the date of this report, the names of the directors and the members of the committees established by the Board are as follows:

Executive Directors

Mr. Deng Yi (鄧怡) *(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)*
Ms. Wang Xiu (汪秀) *(Member of the Strategy and Development Committee)*

Non-executive Directors

Mr. Zhang Bing (張兵) *(Chairman, member of the Strategy and Development Committee)*
Mr. Xu Changjun (徐昌俊) *(Member of the Audit Committee)*
Mr. Li Tao (李濤) *(Member of the Audit Committee, member of the Strategy and Development Committee)*

Independent Non-executive Directors

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

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

DELEGATION BY THE BOARD

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Since 5 January 2024, Mr. Zhang Bing has served as the chairman. Since the date of the Listing and up to the date of this annual report, Mr. Wang Huiwu served as the chief executive officer. The chairman is responsible for the management of the Board. The chief executive officer of the Company leads the day-to-day management of the Group's business. There is a clear and effective division of responsibilities between the chairman and the chief executive officer to ensure a balance of power and authority.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

As the 2023 annual general meeting of the Company was convened on 5 January 2024 and directors were re-elected in the meeting, the re-election of directors for the year 2024 will be proceeded in the next annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BOARD DIVERSITY POLICY

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

In reviewing the structure, size, composition and diversity of the Board, the Nomination and Remuneration Committee has taken into account the measurable objectives as set out in the board diversity policy. The Nomination and Remuneration Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the Directors. The Board consists 1 female Director and 8 male Directors. The Nomination and Remuneration Committee are of the view that the Board is in line with the board diversity policy, and will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the board diversity policy in order to achieve increasing diversity at the Board level.

DIRECTORS' AND SENIOR MANAGEMENT'S INSURANCE

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

BOARD MEETINGS

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

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

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

For the year ended 31 August 2024, 4 Board meetings and 1 general meeting were held and the attendance of each Director at these meetings is set out as below:

Name of Directors	Number of Board meetings attended/held	Number of general meeting attended/held
Executive Directors		
Mr. Xu Changjun	4/4	1/1
Mr. Wang Huiwu	4/4	1/1
Mr. Li Tao	4/4	0/1
Ms. Lou Qunwei (appointed on 26 April 2024, and resigned on 29 November 2024)	2/2	0/0
Mr. Huang Zhongcai (resigned on 26 April 2024)	1/1	0/0
Non-executive Directors		
Mr. Zhang Bing (appointed on 5 January 2024)	3/3	0/0
Mr. Tang Jianyuan (resigned on 27 September 2024)	4/4	0/1
Mr. Lu Zhichao (resigned on 16 January2024)	1/1	0/1
Mr. He Shengli (resigned on 5 January 2024)	1/1	0/1
Independent non-executive Directors		
Mr. Zhang Jin	4/4	0/1
Mr. Liu Zhonghui	4/4	0/1
Mr. Xiang Chuan	4/4	0/1

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

The Audit Committee was established on 14 July 2018 and consists of five members, namely Mr. Zhang Jin, Mr. Tang Jianyuan (resigned on 27 September 2024), Mr. Lu Zhichao (resigned on 16 January 2024), Mr. Xu Changjun (appointed on 27 September 2024), Mr. Li Tao (appointed on 24 January 2024), Mr. Liu Zhonghui, and Mr. Xiang Chuan, of which Mr. Zhang Jin, Mr. Liu Zhonghui and Mr. Xiang Chuan are independent non-executive Directors, and Mr. Tang Jianyuan (resigned on 27 September 2024) and Mr. Lu Zhichao (resigned on 16 January 2024), Mr. Xu Changjun (appointed on 27 September 2024) and Mr. Li Tao (appointed on 24 January 2024) are non-executive Directors. Mr. Zhang Jin serves as the chairman of the Audit Committee, who has the appropriate professional qualifications and accounting and related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are as follows:

1. Relationship with the Company's auditors

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

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

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

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

2. Review of the Company's financial information

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

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

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

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

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

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

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

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

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

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

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

The interim results and unaudited condensed consolidated financial statements of the Group for the six months ended 29 February 2024 and the audited financial results and report of the Group for the year ended 31 August 2024 have been reviewed by the Audit Committee, and the Audit Committee considers that the relevant financial statements have been prepared in accordance with applicable accounting standards and requirements and adequate disclosures have been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and the selection and appointment of external auditors. In addition, the Audit Committee has reviewed the Group's internal control and has monitored the Group's risk management and internal control systems.

For the year ended 31 August 2024, 5 meetings of the Audit Committee were held and the attendance of each member at the meeting is set out as below:

Name of Members	Number of Audit Committee meetings attended/held
Non-executive Directors	
Mr. Tang Jianyuan (resigned on 27 September 2024)	5/5
Mr. Lu Zhichao (resigned on 16 January 2024)	2/2
Mr. Li Tao (appointed on 24 January 2024)	3/3
Independent Non-executive Directors	
Mr. Zhang Jin	5/5
Mr. Liu Zhonghui	5/5
Mr. Xiang Chuan	5/5

For the year ended 31 August 2024, the Audit Committee has also held 4 meetings with external auditors and internal audit officers without the presence of the executive Directors.

NOMINATION AND REMUNERATION COMMITTEE

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

The composition and written terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions requirements of the CG Code. During the year ended 31 August 2024, the Company held 1 meeting of the Nomination and Remuneration Committee, and the attendance of each member at the meeting is set out as below:

Name of Members	Number of Nomination and Remuneration Committee meeting attended/held
Executive Directors	
Mr. Wang Huiwu	1/1
Independent Non-executive Directors	
Mr. Liu Zhonghui	1/1
Mr. Xiang Chuan	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 members of the Board, and identify the special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).

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

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

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

5. Conduct verification on information provided by the candidate.

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

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

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

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

1. Reputation.

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

3. Time available.

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

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. Deng Yi (appointed on 27 September 2024), Ms. Wang Xiu (appointed on 29 November 2024), Mr. Li Tao, Mr. Zhang Bing (appointed on 5 January 2024), Mr. Huang Zhongcai (resigned on 26 April 2024), Ms. Lou Qunwei (appointed on 26 April 2024 and resigned on 29 November 2024) and Mr. Xu Changjun (resigned on 27 September 2024), of which Mr. Wang Huiwu, Mr. Deng Yi and Ms. Wang Xiu are executive Directors, and Mr. Zhang Bing and Mr. Li Tao are non-executive Directors. Mr. Wang Huiwu serves as the chairman of the Strategy and Development Committee. The primary duties of the Strategy and Development Committee include but are not limited to, to review and make recommendations to the Board on our business objectives and strategic development plans; to evaluate factors which may affect the Company's strategic development plans and their implementation, such as domestic and international economic and financial conditions, market and industry development trends and the national policies related to education institutions, and to make recommendations to the Board on adjustment to our strategic development plans in a timely manner; to supervise and inspect the implementation of annual and interim operation plans; to evaluate the Company's corporate governance and making recommendations to the Board; and other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

During the year ended 31 August 2024, 1 meeting of the Strategy and Development Committee was held and the attendance of each member at the meeting is set out as below:

Name of Members	Number of Strategy and Development Committee meeting attended/held
Executive Directors	
Mr. Wang Huiwu	1/1
Ms. Lou Qunwei (appointed on 26 April 2024 and resigned on 29 November 2024)	0/0
Mr. Xu Changjun (resigned on 27 September 2024)	1/1
Non-executive Directors	
Mr. Zhang Bing (appointed on 5 January 2024)	1/1
Mr. Li Tao	1/1
Mr. Lu Zhichao (Resigned on 26 January 2024)	1/1

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the remuneration paid or payable to the Directors for the year ended 31 August 2024 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 2024, the biographies of which are included in the section headed "Directors and Senior Management" of this annual report, are in the following bands:

Remuneration band(s) (RMB)	Number of individual
0 to 500,000	0
500,000 to 1,000,000	2
1,000,000 to 1,500,000	1
1,500,000 to 2,000,000	1
2,500,000 to 3,000,000	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 2024.

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 2024, 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 2024. The management provides the Board with the necessary explanations and information so that the Board can make an informed assessment and approve the financial and other information submitted to it. The Company provides monthly updates to all members of the Board in relation to the latest information on the Company's performance, status and prospects.

Disclaimer of Opinion

The Company's auditor, Ernst & Young issued a disclaimer of opinion on the consolidated financial statements of the Group, details of which are set out in the independent auditor's report.

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, as at 31 August 2024, (i) the Group recorded net current liabilities of approximately RMB3,411,830,000; (ii) the Group's total interest-bearing bank and other borrowings amounted to RMB3,237,361,000, out of which RMB2,054,779,000 will be due for repayment within the next twelve months; (iii) the Group's convertible bonds (the "Bonds"), which were measured at fair value through profit or loss, amounting to RMB1,976,664,000 will be due on 2 March 2026, and the Group needs to redeem the convertible bonds at 105.11 per cent of the principal amount once due, with a remaining outstanding amount of US$331,202,000 (equivalent to approximately RMB2,355,638,000); while (iv) the Group's cash and cash equivalents amounted to RMB2,549,299,000.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group can: (i) successfully complete the holistic restructuring of its convertible bonds before the maturity date on 2 March 2026; (ii) successfully satisfy the requirements of the guarantor of the medium term notes; (iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and (iv) successfully obtain additional new sources of financing as and when needed.

The above conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including the following:

(i) The Group will continue to explore a restructuring of the Bonds to secure the sustainable operations of the Group for the benefit of all of its stakeholders;

(ii) The Group will continue to satisfy the requirements and negotiate with the guarantor of the medium term notes, which was issued by INTI Universal Holdings Sdn Bhd, a wholly-owned subsidiary of the Group, with aggregate principal amount of RM$165,000,000 (equivalent to approximately RMB272,263,000) with a maturity date on 2 November 2028, to avoid the acceleration of repayment;

(iii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain subsidiaries in order to generate additional cash inflows;

(iv) The Group has been actively seeking other alternative financing and borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditures; and

(v) The Group will continue to take active measures to control administrative costs and capital expenditures and negotiate with the vendors to manage payment schedules.

So far, the Group has completed the following as part of its action plan:

(i) sold 3 universities and/or colleges, and is in discussion with potential buyer(s) relating to other universities and colleges; and

(ii) secured approximately RMB484 million new facilities from banks, and is in discussion with financial institutions for other refinancing opportunities.

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of twenty-four months from 31 August 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 August 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the following:

(i) successfully complete the holistic restructuring of the Bonds before the maturity date on 2 March 2026;

(ii) successfully satisfy the requirements of the guarantor of the medium term notes;

(iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and

(iv) successfully obtain additional new sources of financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

A statement by the Company's auditor on its reporting responsibilities to the Company's financial statements is set out in page 118 to page 120 of the Independent Auditor's Report in this annual report.

Audit Committee's View on the Disclaimer of Opinion

The Audit Committee has discussed with the Board and the management of the Group about the concerns of the external auditor and the possible impacts of the plans and measures. The Audit Committee and the Board have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The Audit Committee agreed with the position taken by and the basis of assessment on major judgmental areas adopted by the management and the Board regarding the going concern issue.

Moreover, the audit committee of the Company requested the management to take all necessary actions to address the uncertainties regarding going concern underlying the Disclaimer of Opinion with a view to resolving the going concern issue as soon as practicable. The Audit Committee also discussed and understood the concerns of the external auditor that uncertainties exist as to whether the management will be able to achieve the plans and measures. There was no disagreement by the Audit Committee with the external auditor's position regarding the Disclaimer of Opinion.

AUDITORS' REMUNERATION

For the year ended 31 August 2024, the professional fees paid or payable by the Group to Ernst & Young, the Company's auditor for the audit and non-audit services were as follows:

	RMB'000
Audit services	7,350
Non-audit services	13

JOINT COMPANY SECRETARIES

Ms. Chan Yin Wah and Mr. He Di 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. He is a full-time employee of the Company and reports corporate governance matters to the chairman and chief executive officer of the Company.

Ms. Chan and Mr. He have received no less than 15 hours of training on corporate governance and other aspects during the year ended 31 August 2024. The primary contact person of Ms. Chan Yin Wah in the Company is Mr. He Di, the joint company secretary of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

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

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

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

During the year ended 31 August 2024, the Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group and considered the systems to be effective. Such review covered aspects including financial, operational and compliance controls and risk management functions. The Board will conduct a review on the effectiveness of that year's internal control and risk management systems of the Group at least once in each financial year. The Board will also continually evaluate the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

SHAREHOLDERS' GENERAL MEETINGS

For the year ended 31 August 2024, the Company has held 1 general meeting. The Company will hold its annual general meeting on 28 February, 2025. A notice of the forthcoming annual general meeting and a circular containing further details of the business to be considered at the meeting will be published on to the websites of HKEXnews (www.hkexnews.hk) and the Company (www.hopeedu.com) when appropriate and dispatched to shareholders who have indicated that they wish to receive a printed copy when appropriate.

SHAREHOLDERS' RIGHTS

Nominate a person for election as a Director

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

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

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

CONVENE AN EXTRAORDINARY GENERAL MEETING

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

SUBMIT A PROPOSAL AT GENERAL MEETINGS

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

SEND ENQUIRIES TO THE BOARD

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

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

ABOUT THE REPORT

Information of the Report

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

Scope of Reporting

The materials published and statistically reported in the report are from 1 September 2023 to 31 August 2024. To enhance the completeness and the ability of comparison, part of the content of this report covers the information of previous years.

Description of Data

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

Basis of Preparation

This report is prepared in accordance with Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange.

Access of the Report

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

Contact Information

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STATEMENT FROM THE BOARD

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

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

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

This report discloses in detail the progress and effectiveness of the ESG works of XJ International for the year ended 31 August 2024, which has been reviewed and approved through a Board meeting on 29 November 2024.

SUSTAINABLE DEVELOPMENT (ESG) MANAGEMENT

ESG Governance System

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

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

Communication with Stakeholders

XJ International pays close attention to the demands of internal and external stakeholders such as the government and regulatory authorities, investors/shareholders, teachers/employees, students/parents, suppliers/partners and the public community. We are devoted to create long-term value for the stakeholders by actively maintaining various smooth communication channels, adequately collecting opinions of stakeholders on the sustainable development of XJ International, and actively responding to the expectations of stakeholders.

Stakeholders	Area of concerns and demands	Communication methods
Government and regulatory authorities	Compliance with national laws and regulations	Irregular inspection
	Operation and management in compliance with laws and regulations	Communication with government
	Fulfil its liability to tax in conformance with laws	Periodic report
Investors/shareholders	Stable investment returns Operation and management in compliance with regulations Sustainable development and risk control	General meeting Announcement, press release and periodic report Investor relations roadshow
Teachers/employees	Strengthen teachers' professional skills	Teacher/employee training
	Employee benefits	Internal teacher/employee evaluation
	Occupational health and safety	Internal exchange forum
	Promotion and development	WeChat/Email direct communication channel arranged by the management
	Improve the teaching/working environment	Internal exchange forum
Students/parents	Teaching quality	Student satisfaction survey
	Campus life and social practice	WeChat/Email direct communication channel arranged by the management
	School safety and physical and mental health guarantee	Theme class meeting or lecture
	Employment rate	WeChat/Email direct communication channel arranged by the management

Stakeholders	Area of concerns and demands	Communication methods
Suppliers/partners	Fair competition and dealing	Supplier site visit
	Dealing with integrity	Supplier review
	Mutual benefit and long-term cooperation	Supplier interactive meeting
	Product quality	Supplier interactive meeting
Public community	Integration with the community	Community activity
	Public welfare projects	Public welfare activities
	Contribute to the society	Thanksgiving season activities
		Hotline

Materiality Issue Management

Determining the degree of stakeholders' attention to various ESG issues and the degree of materiality are the basis for determining the Group's material issues. In accordance with the relevant requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and demands of various stakeholders on the Group, for the year ended 31 August 2024, XJ International identified a total of 25 issues based on the review of ESG-related issues of the previous year and taking into account the latest development of the Group and industry trends of the year.

Materiality Matrix on XJ International's ESG Issues

Table for Materiality Issue

Highly important issues	1	Teaching quality
	2	Enriching teaching resources
	3	Strengthening teachers' professional skills
	4	Student safety, physical and mental health protection
	5	Professional skill training adapted to market demand
	6	Innovative systems and teaching courses
	7	Employee remuneration and benefits
Moderately important issues	8	Protecting employees' interest
	9	Student employment rate
	10	Risk management and internal control system
	11	Status of graduates
	12	Protecting privacy of students and parents
	13	Employee training and education
	14	Handling complaints from students and parents
	15	Student campus life and social practice
	16	Operational compliance and anti-corruption
	17	Green campus and low-carbon operation
	18	Waste management
	19	Improving supplier management system
	20	Commencing volunteer support
General important issues	21	Promoting cultural harmony
	22	Improving energy efficiency
	23	combat climate change
	24	Promoting concepts of science popularization and environmental protection
	25	Water resources management

01 GOVERNANCE AND STABLE OPERATION

Optimising the Governance of the Group

The board of the Group will continue to be dedicated to maintaining the legal rights of the Group and the shareholders as a whole, enhancing the governance ability of the Group continuously, reinforcing the independence and diversity of the Board, proactively communicating with the investors and participate in investor relations management and standardizing and commencing information disclosure work. The Group strictly abides by the Company Law of the People's Republic of China (《中華人民共和國公司法》) and the Securities Law of the People's Republic of China (《中華人民共和國證券法》). The Board has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules to ensure that the business activities and decision-making processes of the Group are governed in an appropriate and prudent manner.

Anti-corruption

The Group insists on the "Zero tolerance" and will punish any corruption behaviour and form a better operation environment of the Group by continuously optimising the procedures of anti-corruption and compliance system as well as the supervision and management so as to be more effective with the restriction and supervision of the use of power.

Staff Training for Anti-Corruption

XJ International resolutely resists internal and external bribery and money laundering. In terms of internal management, the Group has formulated the Basic Regulation of Contracts Involving Balance of Funding (《涉經營收支合同基本規範》) to solidify contract management. At the same time, to avoid the occurrence of illegal behaviors, we regulate the business behavior of directors and employees by promotion and training so as to establish professional ethics and strengthen the anti-corruption awareness of teachers/employees.

Anti-Corruption Measures for Suppliers

In terms of supplier integrity management, the Group has signed the Corruption-free Agreements (《廉潔協議》) with external suppliers to continuously deepen the integrity management of suppliers and stop commercial bribery and other misconduct. During the Reporting Period, the Group had no corruption cases.

Risk Control and Operation with Compliance

The Group adheres to the goal of integrating compliance management into all aspects of business operations and management, empowers business development through compliance management, and optimizes and improves the compliance system based on the actual situation of the company to ensure that the actions of the Group and its employees comply with relevant laws, regulations, and industry standards and internal rules and regulations of the Group. At the same time, the Group actively studies overseas business management regulations, actively identifies potential risks in overseas business, and proactively strengthens business compliance management capabilities.

System for Governance with Compliance

In order to further standardize the internal audit work, improve the quality of internal audit work, and protect the legitimate rights and interests of investors, the Group has set up a compliance management system covering group governance, market transactions, labor laws and other aspects in compliance with the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Audit Law of the People's Republic of China (《中華人民共和國審計法》), and the Regulations of the National Audit Office on Internal Audit Work (《審計署關於內部審計工作的規定》).

During the actual operation process, the Group has the legal department as the leading compliance department which regularly evaluates and updates compliance management documents to ensure consistency with the latest laws, regulations and industry trends, together with the active participation and implementation from managers and employees at all levels, to ensure the effective implementation of compliance management.

Risk Control

Based on its actual operating conditions and business development needs, the Group has established a governance structure led and dominated by the Board of Directors to manage ESG risks. The Group regularly collaborated with external experts to carry out identification, research and analysis on ESG-related risks and major matters.

Data security and privacy protection

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

Intellectual Property Protection

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

The Group promotes the creation, research and development and intellectual property protection of students and teachers/employees, and regularly sorts out and summarizes the intellectual property products of schools. For malicious infringement of the Group's intellectual property rights, we communicate and negotiate with the infringing party, complain to the management organization, and take legal and other measures when necessary to protect the legitimate rights and interests of teachers, students and the Group. We strictly abide by the national and local laws and regulations as well as the intellectual property rights stipulated in the product rights statement, and require all departments and schools to strictly respect the intellectual property rights of all external materials. In addition, we adhere to the use of legal version of research and teaching data and fully respect the intellectual property rights of others. During the Reporting Period, there has no intellectual-property-related litigation or violations.

02 WIN-WIN ACTION FOR CLIMATE AND GREEN ENVIRONMENT

Tackling Climate Change

The impact of climate change on human activities is becoming increasingly severe and has become a topic of common concern globally. The Chinese government has proposed a "dual carbon" strategy to promote a comprehensive green transformation of the economy and society and contribute the effort of PRC to global climate maintenance. XJ International attaches great importance to the impact of climate change on the Company and will disclose information this year in accordance with the initiative of the Task Force on Climate-Related Financial Disclosure (TCFD).

Achieve Low-Carbon Transformation and Promote Environmental Protection Concepts

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

Digitalization Promotes Energy Conservation and Green Operations

XJ International complies with relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), and has formulated internal systems such as the Management Measures on Fixed Assets (《固定資產管理辦法》) to continuously strengthen environmental management, timely update various internal resource conservation work, and comprehensively guide the low-carbon operation of subordinate schools. In terms of consumables management, the Group has established a unified centralized procurement mechanism, requiring all schools to carry out centralized procurement on a regular basis and update the List of Inventory of Low-value Consumables (《低值易耗品庫存盤點表》) in real time, so as to achieve the purpose of resource optimization and cost saving. In 2024, XJ International fully implemented paperless office and required all offices and schools to implement strict supervision and inspection, which greatly reduced paper waste.

The Practice of the Group to Reduce Energy and Water Consumption

For electricity consumption in campus, apart from focusing and adjusting the electricity consumption time, high-efficiency energy-saving products with less electricity consumption rate should be chosen as much as possible, and power should be turned off when not in use. For example:

- Avoiding long-light lights and incandescent lights, and increasing energy-saving lights; turning off lights in offices, classrooms, laboratories and other places when natural light is sufficient, reducing the amount of lights turned on when there are few people, and turning off lights when leaving; installing sound-control or light-control switches in the staircase and other public area; enhancing the overall planning and technical transformation of lighting facilities in public areas such as roads, squares and green belts, using energy-saving lamps as much as possible, and adopting green lighting;

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

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

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

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

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

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

Meanwhile, in the context of China's strategic goals of "Carbon Peaking" and "Carbon Neutrality", XJ International actively implements the concept of green operation, takes effective measures to reduce carbon emissions, improves resource utilization efficiency, saves energies and water resources, improves the recycling and reuse of wastewater, exhaust gas and waste, and contributes to the realization of China's sustainable development goals.

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

Economy of Recycling

XJ International actively promotes the recycling of harmless waste. The Group implements strict waste classification in the office and continuously optimizes and improves the efficient recycling of daily consumables to make the best use of them and avoid waste. The specific measures are as follows:

- Fully implement paperless office, where all internal documents and all kinds of business notices of the Group are published in electronic documents; examination and approval of various matters are conducted online; The uniform use of electronic business cards by employees;

- Standardize the use of printers and establish an online declaration and printing process. Strict procurement, management and use of consumables such as office supplies, chemicals, reagents and laboratory materials to avoid mindlessness;

- Strengthening resource sharing through scientific management, deployment of laboratories and modern teaching equipment, and building a resource management system open to all teachers and students;

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

Ecological Environmental Protection

The Group continues to pay attention to the impact of its own activities on biodiversity and is aware of the positive impact on the ecological environment by the Group's water cleaning and greening maintenance. Therefore, we carry out opportunity factor identification, business quality risk investigation and other works in compliance with relevant laws, regulations and policies such as the Opinions on Further Strengthening Biodiversity Protection (《關於進一步加強生物多樣性保護的意見》) by the General Office of the State Council, the Soil Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國土壤污染防治法》), and the Groundwater Management Regulations《地下水管理條例》by the State Council.

In the future, we will continue to expand the scale of business related to land and underwater ecological and environmental protection, and actively explore digital and intelligent development opportunities for such businesses, striving to expand the positive impact of the group's green business. Meanwhile, according to the internal assessment of the Group, the group did not cause any negative ecological impact on the biodiversity-rich areas inside, near or outside the nature reserve, nor did it have any nearby production bases during the Reporting Period.

03 DRIVING INNOVATION AND CREATING HARMONIOUS CAMPUSES

Driving for Innovation

XJ International truly understands that good teaching quality can directly affect the overall quality and future development of students. In the daily teaching operation, we follow the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on Online Teaching (《希望教育集團院校線上教學評估考核指標體系》) and the Evaluation and Assessment Index System for Colleges and Universities under Hope Education Group on School Operation (《希望教育集團所屬院校辦學評估考核辦法及指標體系》) to integrate the quality assurance system into all aspects of education and teaching. The Group continues to promote the reform and innovation of education and teaching methods to improve the school operation level. In 2024, the Group has optimized the quality control system, regularly carried out teaching quality assurance inspections at each school, carried out benchmarking evaluations in real time, and reported the problems to the school in a timely manner, urged for rectification, and promoted the improvement of teaching quality of each school.

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

Level of Award	Prize of Award	Name of Award
National	State first prize	National Chinese Teachers Cup Teacher Teaching Skills Competition (全國中教杯教師教學技能大賽)
National	State first prize	2024 FLTRP "Teaching Star" Competition (Undergraduate English Group) (2024外研社"教學之星"大賽 (本科英語組))
National	State first prize	2024 National Young Teacher Teaching Competition (2024全國青年教師教學競賽)
National	First prize	National Enterprise Competition Simulation Competition (全國企業競爭模擬大賽)
National	First prize	2024 "Keyun Cup" Enterprise Taxation and Business Management Skills Competition (2024年"科雲杯"企業税務及經營管理技能大賽)
National	First prize	First Prize in the 2024 FLTRP "Teaching Star" Competition (College English Group) National Semi-final (2024年外研社"教學之星"大賽(大學英語組)全國覆賽一等獎)

Level of Award	Prize of Award	Name of Award
National	First prize	National College Foreign Language Teachers' Course Ideology and Policies Teaching Design Competition (全國高校外語教師課程思政教學設計大賽)
National	First prize	The 5th National College Students Smart Business Big Data Innovation Application Competition "Smart Business Analysis and Decision-making" Track (Higher Vocational School) (第五屆全國大學生智慧商務大數據創新應用大賽"智慧商務分析決策"賽道(高職))

Table of accolades obtained by teachers of XJ International in 2024 (partial)

Enrich Educational Resources

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

XJ International continues to strengthen the construction of internal software and hardware facilities, improve professional training conditions, and upgrade and transform the teaching environment. We put more effort in constructing practical training capability, built a new batch of practical training units for specific majors and strengthened the teaching of professional skills, which led to a steady improvement of quality in talent cultivation.

XJ International actively carries out multi-party exchanges with an open, cooperative and win-win attitude to enhance the connection with overseas universities and industries. The Group adhered to the strategic policy of, and earnestly implemented the layout plan of, internationalized school operation. Our overseas schools achieved new breakthroughs in their student enrollments and academic rankings. INTI International University in Malaysia actively improved the teaching quality of the school, improved its QS ranking by 40 places, reaching 516th globally.

- Three of our Sino-Foreign cooperation projects were proceeding steadily.

- Cooperative relationships with over 110 universities in more than 40 countries were established in a national context.

Constructing a Smart Education Ecosystem

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

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

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

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

Students' Potential Stimulation

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

Level of Award	Prize of Award	Name of Award
National	First Prize	The 15th Lanqiao Cup Competition Software Competition (Design Category) (第十五屆藍橋杯大賽軟件賽 (設計類))
National	First Prize (Gold)	"National Youth Cup" College Art Design Works Collection Competition ("國青杯"高校藝術設計作品征集大賽)
National	First Prize (Gold)	Computer Knowledge Competition for College Students (大學生計算機知識競賽)

Level of Award	Prize of Award	Name of Award
National	First Prize (Gold)	第十五屆全國大學生數學競賽
National	First Prize (Gold)	The 4th "Shanghai Foreign Language Education Press Vocabulary Master Cup" National College Students English Vocabulary Ability Competition (第四屆"外教社•詞達人杯"全國大學生英語詞匯能力大賽)
National	First Prize	Chinese College Students Computer Knowledge Competition (中國大學生計算機知識競賽)
National	First Prize	The Second College Student AI Technology Competition Knowledge Competition (第二屆大學生AI科技競賽知識競賽)
National	First Prize	Four characteristics outstanding revolutionary soldiers (四有優秀革命軍人)
National	First Prize	National College English Translation Ability Competition (全國大學生英語翻譯能力競賽)
National	First Prize	The 5th Phoenix Intelligent Technology Innovation and Application Competition (第五屆菲尼克斯智能技術創新與應用大賽)
National	First Prize	2024 Second National College Student Information Technology Certification Challenge Java Subject (2024年第二屆全國大學生信息技術認證挑戰賽Java科目)
National	First Prize	The 15th Lanqiao Cup National Software and Information Technology Professional Talent Competition (第十五屆藍橋杯全國軟件和信息技術專業人才大賽)
National	First Prize	2024 National College Business Elite Challenge Logistics and Supply Chain Competition (2024全國高校商業精英挑戰賽物流和供應鏈競賽)
National	First Prize	The 10th National College BIM Graduation Design Innovation Competition (第十屆全國高校BIM畢業設計創新大賽)
National	First Prize	National University Business Elite Challenge Logistics and Supply Chain Competition (全國高校商業精英挑戰賽物流與供應鏈競賽)
National	First Prize	National University Business Elite Challenge Logistics and Supply Chain Competition (第十五屆藍橋杯全國軟件和信息技術專業人才大賽四川賽區C/C++程序設計大學B組一等獎)

Table of accolades obtained by students of XJ International in 2024 (Partial)

04 BUILDING SOLID FOUNDATION FOR SERVICE RESPONSIBILITY

Focus on Service and Product Quality

The Group strictly abides by the laws and regulations of PRC and the countries where it operates, including the Consumer Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), and the Regulations for the Implementation of the Consumer Protection Law of the People's Republic of China (《中華人民共和國消費者保護法實施條例》), and strictly controls the quality of products and services, and continuously provides users with higher-level products and services, so as to help more students obtain fair and quality education.

Enhance Protection for Logistics Support

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

Safeguarding Food Quality and Safety

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

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

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

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

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

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

Ensuring Campus Safety

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

Strengthening Fire Safety Protection

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

Providing Medical and Health Support

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

The physical and mental health of students is related to their personal growth and development. The Group attaches great importance in this regard and has taken various measures for protection. During the Reporting Period, in order to strengthen the management of student health, each school established student health documents to understand the health status of each student precisely and paid special attention to the needs of focused students. In order to strengthen emergency response capabilities of students and enhance safety awareness of students, each school held first-aid knowledge lectures, organized students to participate in multiple safety education activities and safety drills, and established a student emergency response plan system to properly respond to possible accidents. On campus, we have set up an education center on students' mental health to provide special training on mental health education and mental counseling services in a professional manner, ensuring the mental health of students. In addition, we have set up cathartic and relaxing facilities for students to effectively relieve their mental pressure, relieve anxiety and cultivate positive mentality.

Supporting Student Employment

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

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

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

- To provide jobs for school students and ensure employment with a combination of online and offline employment recommendation models, the Group has held and invited many companies to participate in various campus job fairs, mutual selection fairs, etc.

Deepening Customer Services

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

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

05 PARTNERSHIP AND SOCIAL RESPONSIBILITIES

Responsible Supply Chain

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

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

Entry of New Suppliers

The Group focuses on the comprehensive service capability of its suppliers in the course of introducing new suppliers, while taking into consideration their performance in terms of environmental and social risk management for, among other things, labor rights and business ethnics. The Group has formulated systems such as the "Supplier Review List (《供應商審查表》)" and the "Supplier Appraisal List (《供應商評鑑表》). In the course of selecting and introducing new suppliers, suppliers' qualifications and capabilities are evaluated, and on-site audit and credit evaluation are conducted, thereby securing suppliers' quality, safety and environmental protection, while promoting the sustainable development of the supply chain.

Supplier Management

The Group has formulated various systems such as supplier's appraisal, evaluation and management measures, requiring all of its branch and subordinated groups to conduct comprehensive evaluation on suppliers with regards to, among other things, products quality, punctuality of delivery, response time for inquiries, coordination efforts and service attitude.

For suppliers with unsatisfactory evaluation results, XJ International would encourage them to make adjustments and will be replaced by other supplies when the requirements are not satisfied. Besides, the Group adopts different reward and penalty measures for suppliers at different tiers.

XJ International attaches great importance to improving the professional skills of procurement staff and continues to carry out bidding related training. During the Reporting Period, XJ International conducted a total of 9 procurement training courses to strengthen the awareness and understanding of the professional knowledge of bidding and tendering, details of online materials procurement and cost control, business specifications for unified procurement process and other related work. As at the end of the Reporting Period, XJ International had a total of 177 suppliers, the distribution of which are as follows:

Supplier Location	Unit	Quantity
Total number of suppliers	Company	177
Number of suppliers in Sichuan Province	Company	79
Number of suppliers in Guizhou Province	Company	15
Number of suppliers in Ningxia Autonomous Region	Company	14
Number of suppliers in Jiangsu Province	Company	10
Number of suppliers in Henan Province	Company	1
Number of suppliers in other regions in Mainland China (excluding Sichuan, Guizhou, Shanxi, Ningxia Autonomous Region, Jiangsu and Henan)	Company	58

Social Welfare and Voluntary Service

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

Community Support Activities

XJ International truly understands social support is essential for corporate development, and thus we constantly encourage our employees to actively participate in various voluntary services in spare time and give back to society with practical actions. In recent years, our employees have participated in numerous volunteer projects including fire safety, charity and sanitation, showcasing XJ International's social responsibility and spirit of dedication.

Promoting Cultural and Educational Integration

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

STAFF EMPLOYMENT AND DEVELOPMENT

Supporting Employee Development

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

Protection of Employee's Interests

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

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

Unimpeded Development Channels

To support our employees in achieving their personal career goals, we provide various career development support. XJ International continues to improve its career development system, revises the Administrative Measures on Performance Incentives and Assessment of School Operations (《院校業務工作激勵考核管理方法》), combines remuneration with employment standards, motivates talent training, and matches the Group's strategic needs through the realization of employees' self-worth. At the same time, we organize and collect employees' opinions and feedback on the assessment mechanism, conduct periodic review and revise the policy system to further improve employees' satisfaction, enthusiasm, sense of achievement and cohesion. During the Reporting Period, the schools of the Group introduced and trained over 500 teachers, including almost 100 teachers with professional titles of deputy senior level or above, and more than 50% of full-time teachers with master's degree or above.

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

Enhancement of Teacher's Ability

We continue to improve the training system of our teaching team, and have formulated internal policies such as the Implementing Measures on Standardized Training Program (《規範化培訓工作的實施辦法》), the Training System of Teacher Posts (《教師崗位培訓制度》) and the Guidance on Strengthening the Building of Teaching Team of Higher Education Institutions within the Group (《關於加強旗下高等院校師資隊伍建設的指導意見》), as well as training lecturer team building plans to continuously improve the teaching ability and level of our teaching team. We have established a training curriculum system for faculty members for different regions, different professions and different stages, which has greatly expanded the knowledge reserve of faculty members and comprehensively improved their professional quality and professional skills. During the Reporting Period, XJ International had a total of approximately 12,000 employees participating in the training, covering 88.5% of the employees with a total training time of 541,454 hours.

Care for Employees

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

TABLE ON PERFORMANCE DATA

Upholding the principles of "quantitative and consistency", the Group discloses quantitative performance which reflects the results for its management of sustainable development, and traces back the corresponding data of historical years as much as possible.

Statistical Scope of Data during the Reporting Period

Indicators	Unit	Data for 2024
A1 Emissions		
Total greenhouse gas emissions	Tonne of CO2 equivalent	54,977.6
Direct greenhouse gas emissions (Scope 1)	Tonne of CO2 equivalent	3,848.9
Indirect greenhouse gas emissions (Scope 2)	Tonne of CO2 equivalent	51,128.7
Intensity of greenhouse gas	Tonne of CO2 equivalent per RMB1 million of revenue	13.8
Total amount of hazardous waste	Tonne	0.4
Used batteries	Piece	3,093
Scrapped ink cartridges/scrapped carbon cartridges	Piece	1,230
Intensity of hazardous waste	Tonne per RMB1 million of revenue	0.0001
A1.3 Non-hazardous waste produced		
Total amount of non-hazardous waste	Tonne	140.7
Office paper	Tonne	31.7
Average paper usage per employee	Kilogram per person	1.1
Intensity of non-hazardous waste	Tonne per RMB1 million of revenue	0.0353
Recycled use	Tonne	43.0
A2 Use of Resources		
A2.1 Total energy consumption and intensity		
Total internal energy consumption	GWh	104.9
Electricity consumption	GWh	86.0
Natural gas consumption	Ten thousand m^3	172.9

Indicators	Unit	Data for 2024
Gasoline consumption	Tonne	8.5
Diesel consumption	Tonne	26.7
Intensity of energy consumption	GWh per RMB1 million of revenue	0.0264
A2.2 Water consumption and intensity		
Total water withdrawal	Ten thousand tonnes	176.8
Average intensity of water withdrawal (employee)	Tonne per person	33.7
Intensity of water consumption	Tonne per RMB1 million of revenue	0.0444
B1 Employment		
By gender		
Female	%	63.2%
Male	%	36.8%
Full time junior employees	%	54.1%
Full time senior management	%	4.8%
Other employees	%	18.6%
By age group		
Below 30 years old		
30–50 years old	%	45.1%
Over 50 years old	%	12.7%
By geographical region		
Hong Kong, Macau and Taiwan	%	0.1%
Overseas	%	0.3%
Number of disabled employees	Person	87
Senior management hired from local community	%	4.3%
B3 Development and Training		
Employees covered in training	%	88.5%
Female	%	85.8%
Male	%	83.5%
Senior management	%	53.3%
Junior employees	%	96.6%
Female employees promoted	%	34.2%

Indicators	Unit	Data for 2024
B2 Health and Safety		
Number of safety education training	Time	59,762
Coverage of safety education training	%	62.2%
Number of material safety incidents and environmental pollution incidents	Time	0
Number of safety drill activities	Time	94
B5 Supply Chain Management		
Total number of suppliers	Company	177
Number of suppliers in Sichuan Province	Company	79
Number of suppliers in Guizhou Province	Company	15
Number of suppliers in Ningxia Autonomous Region	Company	14
Number of suppliers in Jiangsu Province	Company	10
Number of suppliers in Henan Province	Company	1
Number of suppliers in other regions in Mainland China (except Sichuan, Guizhou, Shanxi, Ningxia Autonomous Region, Jiangsu and Henan)	Company	58
B7 Anti-corruption		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period	Case	0
Number of instituted or concluded legal cases regarding corrupt practices	Case	0
B8 Community Investment		

INDEX TO ESG REPORTING GUIDE

Boundary	Topic	Disclosure Requirements	Index
Governance Structure	—	A statement from the Board containing the following elements: (1) a disclosure of the Board's oversight of ESG issues; (2) the Board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (3) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainable Development (ESG) Management
Reporting Principles		A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) and if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About the Report
Reporting Boundary		A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report
Environmental	A1 Emissions	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Win-win Action For Climate and Green Environment
		A1.1 The types of emissions and respective emissions data.	Win-win Action For Climate and Green Environment Table on Performance Data
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Win-win Action For Climate and Green Environment Table on Performance Data
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Win-win Action For Climate and Green Environment Table on Performance Data
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Win-win Action For Climate and Green Environment Table on Performance Data

Boundary	Topic	Disclosure Requirements	Index
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	Win-win Action For Climate and Green Environment Table on Performance Data
		A1.6 Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Win-win Action For Climate and Green Environment Table on Performance Data
	A2 Use of Resources	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Win-win Action For Climate and Green Environment
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Win-win Action For Climate and Green Environment Table on Performance Data
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Win-win Action For Climate and Green Environment Table on Performance Data
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Win-win Action For Climate and Green Environment
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Win-win Action For Climate and Green Environment Table on Performance Data
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not involved
	A3 The Environment and Natural Resources	General disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Win-win Action For Climate and Green Environment
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Win-win Action For Climate and Green Environment
	A4 Climate Change	General disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Win-win Action For Climate and Green Environment
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Win-win Action For Climate and Green Environment
Social	B1 Employment	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff Employment and Development
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Staff Employment and Development Table on Performance Data
		B1.2 Employee turnover rate by gender, age group and geographical region.	Omitted, no statistics

Boundary	Topic	Disclosure Requirements	Index
	B2 Health and Safety	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Staff Employment and Development
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Staff Employment and Development Table on Performance Data
		B2.2 Lost days due to work injury	Staff Employment and Development Table on Performance Data
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Staff Employment and Development
	B3 Development and Training	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Employment and Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Employment and Development Table on Performance Data
		B3.2 The average training hours completed per employee by gender and employee category.	Staff Employment and Development Table on Performance Data
	B4 Labor Standards	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Staff Employment and Development
		B4.1 Description of measures to review employment practices to avoid child and forced labor.	Staff Employment and Development
		B4.2 Description of steps taken to eliminate such practices when discovered.	Staff Employment and Development
	B5 Supply Chain Management	General disclosure: Policies on managing environmental and social risks of the supply chain.	Partnership and Social Responsibilities
		B5.1 Number of suppliers by geographical region.	Partnership and Social Responsibilities Table on Performance Data
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Partnership and Social Responsibilities
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Partnership and Social Responsibilities
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Partnership and Social Responsibilities

Boundary	Topic	Disclosure Requirements	Index
	B6 Product Responsibility	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and remedy measures.	Building Solid Foundation for Service Responsibility
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Building Solid Foundation for Service Responsibility
		B6.2 Number of products and service related complaints received and how they are dealt with.	Building Solid Foundation for Service Responsibility
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Governance and Stable Operation
		B6.4 Description of quality assurance process and recall procedures.	Not involved
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Governance and Stable Operation Building Solid Foundation for Service Responsibility
	B7 Anti-corruption	General disclosure: Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Governance and Stable Operation
		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.	Nil
		B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Governance and Stable Operation
		B7.2 Description of anti-corruption training provided to directors and staff.	Governance and Stable Operation
	B8 Community Investment	General disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Partnership and Social Responsibilities
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Partnership and Social Responsibilities
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Partnership and Social Responsibilities

INDEPENDENT AUDITOR'S REPORT

To the shareholders of XJ International Holdings Co., Ltd.
(Formerly known as "Hope Education Group Co., Ltd.")
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of XJ International Holdings Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 121 to 265, which comprise the consolidated statement of financial position as at 31 August 2024, 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 material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, as at 31 August 2024, (i) the Group recorded net current liabilities of approximately RMB3,411,830,000; (ii) the Group's total interest-bearing bank and other borrowings amounted to RMB3,237,361,000, out of which RMB2,054,779,000 will be due for repayment within the next twelve months; (iii) the Group's convertible bonds, which were measured at fair value through profit or loss, amounting to RMB1,976,664,000 will be due on 2 March 2026, and the Group needs to redeem the convertible bonds at 105.11 per cent of the principal amount once due, with a remaining outstanding amount of US$331,202,000 (equivalent to approximately RMB2,355,638,000); while (iv) the Group's cash and cash equivalents amounted to RMB2,549,299,000. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group can: (i) successfully complete the holistic restructuring of its convertible bonds before the maturity date on 2 March 2026; (ii) successfully satisfy the requirements of the guarantor of the medium term notes; (iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and (iv) successfully obtain additional new sources of financing as and when needed.

BASIS FOR DISCLAIMER OF OPINION *(continued)*

Multiple uncertainties relating to going concern *(continued)*

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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 International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board (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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. 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. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements.

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

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.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee.

Ernst & Young
Certified Public Accountants

Hong Kong
29 November 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**3,732,066**	3,581,632
Cost of sales		**(2,158,501)**	(1,901,450)
Gross profit		**1,573,565**	1,680,182
Other income and gains	5	**274,836**	297,913
Selling expenses		**(241,848)**	(287,689)
Administrative expenses		**(600,546)**	(547,555)
Impairment losses on financial assets	7	**(73,194)**	(180,700)
Other expenses		**(100,038)**	(108,378)
Finance costs	6	**(289,412)**	(349,121)
Fair value gains/(losses) on convertible bonds	5	**186,516**	(228,654)
Share of profits of a joint venture		**27,182**	29,285
PROFIT BEFORE TAX	7	**757,061**	305,283
Income tax expense	10	**(143,974)**	(94,514)
PROFIT FOR THE YEAR		**613,087**	210,769
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**61,220**	28,940
Total comprehensive income for the year		**674,307**	239,709
Profit attributable to:			
Owners of the Company		**609,562**	210,099
Non-controlling interests		**3,525**	670
		613,087	210,769

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Total comprehensive income attributable to:			
Owners of the Company		**671,069**	238,628
Non-controlling interests		**3,238**	1,081
		674,307	239,709
Earnings per share attributable to ordinary equity holders of the Company:	12		
Basic		**RMB7.41 cents**	RMB2.60 cents
Diluted		**RMB4.54 cents**	RMB2.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**11,603,331**	11,024,746
Right-of-use assets	14(a)	**1,926,672**	1,934,308
Interests in land held for property development	15	**681,556**	735,719
Investment properties	16	**260,414**	261,419
Goodwill	18	**2,051,684**	2,040,254
Other intangible assets	17	**1,250,705**	1,256,563
Investment in a joint venture	19	**—**	553,665
Prepayments, deposits and other receivables	21	**430,281**	318,136
Pledged and restricted deposits	23	**7,520**	7,520
Deferred tax assets	29	**33,168**	24,520
Contract cost assets	22	**17,014**	3,018
Total non-current assets		**18,262,345**	18,159,868
CURRENT ASSETS			
Trade receivables	20	**83,683**	104,591
Prepayments, deposits and other receivables	21	**814,059**	669,313
Amounts due from related parties	35(c)	**4,817**	45,399
Contract cost assets	22	**23,373**	11,461
Assets classified as held for sale		**—**	390,563
Pledged and restricted deposits	23	**543,935**	92,488
Cash and cash equivalents	23	**2,549,299**	2,827,722
Total current assets		**4,019,166**	4,141,537

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES			
Contract liabilities	5	2,267,792	2,123,601
Trade payables	24	57,286	48,167
Other payables and accruals	25	2,662,982	2,826,225
Lease liabilities	14(b)	37,271	33,091
Deferred income	26	78,752	77,956
Convertible bonds	28	—	2,183,887
Interest-bearing bank and other borrowings	27	2,054,779	1,638,351
Amounts due to related parties	35(c)	67,175	83,573
Liabilities directly associated with the assets classified as held for sale		—	228,588
Dividends payable		550	—
Tax payable		204,409	167,542
Total current liabilities		7,430,996	9,410,981
NET CURRENT LIABILITIES	2.1	(3,411,830)	(5,269,444)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,850,515	12,890,424
NON-CURRENT LIABILITIES			
Other payables	25	809,818	845,956
Deferred income	26	1,511,201	1,536,440
Convertible bonds	28	1,976,664	—
Interest-bearing bank and other borrowings	27	1,182,582	1,834,662
Lease liabilities	14(b)	96,553	116,735
Deferred tax liabilities	29	114,648	114,654
Contract liabilities	5	4,559	2,243
Total non-current liabilities		5,696,025	4,450,690
NET ASSETS		9,154,490	8,439,734

31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**559**	559
Reserves	32	**9,150,974**	8,438,906
		9,151,533	8,439,465
Non-controlling interests		**2,957**	269
Total equity		**9,154,490**	8,439,734

Zhang Bing
Director

Wang Huiwu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2024

	Attributable to owners of the Company									
	Issued capital RMB'000 (note 30)	Share premium* RMB'000	Capital reserve* RMB'000 (note 32)	Statutory surplus reserve* RMB'000 (note 32)	Share option reserve* RMB'000 (note 31)	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 August 2022 and 1 September 2022	545	5,017,040	598,468	582,705	103,790	1,810,878	(60,444)	8,052,982	(5,157)	8,047,825
Profit for the year	—	—	—	—	—	210,099	—	210,099	670	210,769
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	28,529	28,529	411	28,940
Total comprehensive income for the year	—	—	—	—	—	210,099	28,529	238,628	1,081	239,709
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	4,375	4,375
Equity-settled share options										
— 2022 Share Option	—	—	—	—	61,775	—	—	61,775	—	61,775
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(30)	(30)
Issue of shares upon the exercise of share options										
— 2022 Share Option	14	114,645	—	—	(28,579)	—	—	86,080	—	86,080
Transfer from retained profits	—	—	—	83,791	—	(83,791)	—	—	—	—
At 31 August 2023 and 1 September 2023	559	5,131,685	598,468	666,496	136,986	1,937,186	(31,915)	8,439,465	269	8,439,734
Profit for the year	—	—	—	—	—	609,562	—	609,562	3,525	613,087
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	61,507	61,507	(287)	61,220
Total comprehensive income for the year	—	—	—	—	—	609,562	61,507	671,069	3,238	674,307
Equity-settled share options										
— 2023 Share Option	—	—	—	—	40,999	—	—	40,999	—	40,999
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(550)	(550)
Transfer of share option reserve upon the forfeiture of share options	—	—	—	—	(6,217)	6,217	—	—	—	—
Transfer from retained profits	—	—	—	130,475	—	(130,475)	—	—	—	—
At 31 August 2024	559	5,131,685	598,468	796,971	171,768	2,422,490	29,592	9,151,533	2,957	9,154,490

* These reserve accounts comprise the consolidated reserves of RMB9,150,974,000 in the consolidated statement of financial position as at 31 August 2024 (31 August 2023: RMB8,438,906,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**757,061**	305,283
Adjustments for:			
Depreciation of items of property, plant and equipment	13	**432,026**	404,041
Depreciation of investment properties	16	**5,613**	1,776
Depreciation of right-of-use assets	14(a)	**71,643**	66,317
Depreciation of land held for property development	15	**12,870**	12,889
Amortisation of contract cost assets	22	**29,888**	13,448
Amortisation of other intangible assets	17	**40,754**	34,823
Deferred income released to profit or loss	26	**(73,200)**	(66,525)
Interest income	5	**(32,939)**	(66,239)
Finance costs	6	**289,412**	349,121
(Gain)/loss on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets, net	5, 7	**(5,384)**	2,038
Gain on bargain purchase		**—**	(5,498)
Losses on disposal of subsidiaries, net	33(a)(b)	**5,472**	—
Gain on liquidation of a subsidiary		**—**	(19,226)
Gain on disposal of investment in a joint venture	7	**—**	(7,662)
Equity-settled share option expense		**40,999**	61,775
Share of profit of a joint venture		**(27,182)**	(29,285)
Fair value (gains)/losses on convertible bonds, net	28	**(186,516)**	228,654
Impairment losses on financial assets	7	**73,194**	180,700
Impairment losses on land held for property development	7	**43,752**	—
Gain on lease modification	7	**—**	(34)
Foreign exchange (gain)/loss, net		**(16,864)**	54,401
		1,460,599	1,520,797
Increase in prepayments, deposits and other receivables		**(4,079)**	(87,265)
Decrease in trade receivables		**23,062**	25,663
Increase in contract cost assets		**(53,003)**	(12,063)
Decrease in amounts due from related parties		**25,609**	11,830
Increase in contract liabilities		**133,912**	473,301
Increase/(decrease) in trade payables		**7,555**	(10,098)
Increase/(decrease) in amounts due to related parties		**(287)**	489
Decrease in other payables and accruals		**(33,181)**	(70,883)
Withdrawal/(placement) of restricted cash		**2,305**	(9,789)
Receipt of government grants related to expense items		**16,920**	17,075

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash generated from operations		**1,579,412**	1,859,057
Bank interest received		**26,636**	23,189
Income tax paid		**(116,468)**	(95,353)
Net cash flows from operating activities		**1,489,580**	1,786,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,149,399)**	(1,288,313)
Prepaid land lease payments		**(104,071)**	(249,256)
Purchases of items of investment properties		**(2,374)**	—
Refund of prepaid land lease payments		**77,732**	—
Additions to other intangible assets		**(45,906)**	(17,294)
Additions to land held for property development		**(2,459)**	—
Equity investments:			
Acquisition of subsidiaries		**—**	23,348
Payments for acquisition of subsidiaries in prior years		**(191,822)**	(27,950)
Disposal of subsidiaries	33(a)(b)	**187,710**	—
Proceeds from disposal of investment in a joint venture		**—**	7,662
Prepayments for an equity investment		**(7,260)**	—
Decrease in amounts due from related parties:			
Receipts from disposal of subsidiaries		**5,300**	499,000
Loans provided to a joint venture	35	**—**	(18,575)
Loans and interest income repaid by a joint venture	35	**13,936**	19,946
Loans and interest repaid by a related party		**—**	219,391
Prepayments for acquisitions repaid by a related party		**—**	50,000
Loans to third parties		**—**	(5,480)
Loans and interest repaid by third parties		**28,231**	257,880
Receipt of government grants for property, plant and equipment		**31,837**	57,319
Decrease in time deposits with original maturity of over three months		**—**	275,400
Increase in time deposits with original maturity of over three months		**—**	(275,400)
Investment income received from time deposits		**—**	4,810
Decrease in pledged and restricted deposits		**—**	260,000
Investment income received from pledged deposits		**—**	23,520
Proceeds from disposal of items of property, plant and equipment, other intangible assets and right-of-use assets		**186,092**	2,934
Net cash flows used in investing activities		**(972,453)**	(181,058)

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		2,333,298	2,878,656
Repayment of bank and other borrowings		(2,615,874)	(3,599,182)
Interest paid		(221,485)	(238,318)
Principal portion of lease payments		(28,751)	(22,733)
Interest portion of lease liabilities		(9,696)	(9,981)
Receipts of loan deposits		1,300	2,600
Proceeds from issue of shares from exercise of share options		—	86,080
Loans from third parties		222,340	—
Loans and interest repaid to third parties		(134,823)	(64,967)
Loans from the buyer of the disposed subsidiaries		98,039	—
Loans from a related party		56,000	—
Repayment of loans from related parties		(56,514)	(472,891)
Security deposits paid for other borrowings		(13,270)	(66,271)
Placement of restricted cash		(494,685)	—
Net cash flows used in financing activities		(864,121)	(1,507,007)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(346,994)	98,828
Cash and cash equivalents at beginning of year		2,878,114	2,725,264
Effect of foreign exchange rate changes, net		18,179	54,022
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,549,299	2,878,114
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	23	2,549,299	2,827,722
Cash attributable to subsidiaries classified as held for sale		—	50,392
Cash and cash equivalents as stated in the consolidated statement of cash flows		2,549,299	2,878,114

1. CORPORATE AND GROUP INFORMATION

XJ International Holdings Co., Ltd. (the "Company", formerly known as "Hope Education Group Co., Ltd.") 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 2024, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of higher education and secondary vocational education services in the People's Republic of China (the "PRC"), Malaysia, Thailand and Hungary. There were no significant changes in the nature of the Group's principal activities during the year.

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

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries

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

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Directly owned by the Company:			
Mainland International Business Services Hong Kong Co., Ltd. 大陸國際商貿服務香港有限公司	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/Chinese Mainland	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/ Chinese Mainland	RMB52.5 million	Investment holding
Meishan Tequ Mayflower Information Technology (Group) Co., Ltd. ("Meishan Mayflower") 眉山特驅五月花信息科技(集團)有限公司(i)	7 December 2020 The PRC/Chinese Mainland	US$10 million	Investment holding
Chongqing Chaoyingfei Trading Co., Ltd. 重慶超營飛商貿有限公司(iii)	28 April 2021 The PRC/Chinese Mainland	RMB2 million	Sale of textbooks and dormitory bedding
Southwest Jiaotong University Hope College 西南交通大學希望學院(ii)	16 July 2009 The PRC/Chinese Mainland	RMB300 million	(a)

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: (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)			
College of Guizhou Qiannan Economics 貴州黔南經濟學院(ii)	18 January 2004 The PRC/Chinese Mainland	RMB50 million	(a)
Jinci College of Shanxi Medical University 山西醫科大學晉祠學院(ii)	17 June 2002 The PRC/Chinese Mainland	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/Chinese Mainland	RMB20 million	(a)
Sichuan Tianyi College 民辦四川天一學院(ii)	14 March 1994 The PRC/Chinese Mainland	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/Chinese Mainland	RMB20 million	(a)
Sichuan Hope Automotive Technician School 四川希望汽車技師學院(ii)	4 November 2016 The PRC/Chinese Mainland	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/Chinese Mainland	RMB20 million	(a)
Sichuan TOP IT Vocational Institute 四川托普信息技術職業學院(ii)	22 April 2000 The PRC/Chinese Mainland	RMB5 million	(a)
Suzhou Top Institute of Information Technology 蘇州托普信息職業技術學院(ii)	2 July 2003 The PRC/Chinese Mainland	RMB5 million	(a)
Yinchuan University of Energy 銀川能源學院(ii)	24 August 2001 The PRC/Chinese Mainland	RMB191.3 million	(a)
Yinchuan Vocational School of Science and Technology 銀川科技職業學校(ii)	26 October 2017 The PRC/Chinese Mainland	Nil	Provision of secondary vocational education services

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: (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)			
Guizhou Qiannan College of Science and Technology ("College of Science and Technology") 貴州黔南科技學院(ii)	10 June 2015 The PRC/Chinese Mainland	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/Chinese Mainland	RMB60 million	(a)
Jinken College of Technology ("Jinken College") 金肯職業技術學院(ii)	18 July 2000 The PRC/Chinese Mainland	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/Chinese Mainland	RMB335.7 million	(a)
Xi'an Siyuan University ("Shaanxi University") 西安思源學院(ii)	13 May 2003 The PRC/Chinese Mainland	RMB190.8 million	(a)
Hope International (Malaysia) Sdn. Bhd.(iv)	9 March 2020 Malaysia	RM20,000	Investment holding
INTI International Education Sdn. Bhd. ("INTI International University")	28 December 1994 Malaysia	RM20 million	(a)
INTI Instruments (M) Sdn. Bhd. ("INTI International College Subang")	13 February 1995 Malaysia	RM20 million	(a)
INTI International College Penang Sdn. Bhd. ("INTI International College Penang")	6 March 2000 Malaysia	RM6 million	(a)
Global Advance Learning (Thailand) Company Limited(v)	17 March 2021 Thailand	THB100 thousand	Investment holding
Shinawatra University	27 December 1999 Thailand	THB2,500 million	(a)
Guilin Shanshui Vocational College 桂林山水職業學院(ii)(vi)	10 November 2003 The PRC/Chinese Mainland	RMB15 million	(a)

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

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

Entity/school name	Date and place of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Principal activities
Wekerle Sandor Business School	25 November 2006 Hungary	Nil	(a)

Notes:

(a) Provision of higher education services

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

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

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

(iv) Hope International (Malaysia) Sdn. Bhd. was indirectly wholly-owned by the Company, of which 51% equity interests are held on trust by an independent third party for the Group as the beneficiary.

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

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

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

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year 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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

2. ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 2024, (i) the Group recorded net current liabilities of approximately RMB3,411,830,000; (ii) the Group's total interest-bearing bank and other borrowings amounted to RMB3,237,361,000, out of which RMB2,054,779,000 will be due for repayment within the next twelve months; (iii) the Group's convertible bonds (the "Bonds"), which were measured at fair value through profit or loss, amounting to RMB1,976,664,000 will be due on 2 March 2026, and the Group needs to redeem the convertible bonds at 105.11 per cent of the principal amount once due, with a remaining outstanding amount of US$331,202,000 (equivalent to approximately RMB2,355,638,000); while (iv) the Group's cash and cash equivalents amounted to RMB2,549,299,000.

2. ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

The above conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including the following:

(i) The Group will continue to explore a restructuring of the Bonds to secure the sustainable operations of the Group for the benefit of all of its stakeholders;

(ii) The Group will continue to satisfy the requirements and negotiate with the guarantor of the medium term notes, which was issued by INTI Universal Holdings Sdn Bhd, a wholly-owned subsidiary of the Group, with aggregate principal amount of RM$165,000,000 (equivalent to approximately RMB272,263,000) with a maturity date on 2 November 2028, to avoid the acceleration of repayment;

(iii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain subsidiaries in order to generate additional cash inflows;

(iv) The Group has been actively seeking other alternative financing and borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditures; and

(v) The Group will continue to take active measures to control administrative costs and capital expenditures and negotiate with the vendors to manage payment schedules.

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of twenty-four months from 31 August 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 August 2024 on a going concern basis.

2. ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the following:

(i) successfully complete the holistic restructuring of its convertible bonds before the maturity date on 2 March 2026;

(ii) successfully satisfy the requirements of the guarantor of the medium term notes;

(iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and

(iv) successfully obtain additional new sources of financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRS Accounting Standards for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised IFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

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

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group did not apply the initial recognition exception and has recognised a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases, thus, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[3]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[5]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027
5 Effective for reporting periods beginning on or after 1 January 2027
6 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. As at 31 August 2024, the Group had outstanding convertible bonds with a carrying amount of RMB1,976,664,000 and a maturity date of 2 March 2026 (note 28), which were classified as non-current liabilities. Under the above amendments, the convertible bonds would be classified as current liabilities since the conversion options were not classified as equity and are exercisable at any time on or after 12 April 2021 at the bondholders' option.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 clarify that a financial liability is derecognised on the "settlement date" and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date if certain conditions are met. Other clarifications include the classification of financial assets with environmental, social and governance ("ESG")-linked features via additional guidance on the assessment of contingent features; and clarifications to non-recourse financial assets and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 sets out amendments including clarifications, simplifications, corrections or changes to improve consistency in IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*, which gives investors more transparent and comparable information about entities' financial performance, thereby enabling better investment decisions. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating, investing, financing, income taxes, and discontinued operations. These categories are complemented by the requirement to present subtotals and totals. IFRS 18 introduces the concept of a management-defined performance measure and defines it as a measure that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity. In addition, there are consequential amendments to IAS 7 *Statement of Cash Flows* and other accounting standards. The application is not expected to have a significant impact on the Group's consolidated statement of financial position but is expected to affect the presentation of the Group's consolidated statement of profit or loss and other comprehensive income. The Group is currently assessing the impact of IFRS 18 on the Group's financial statements.

IFRS 19 is a voluntary standard for eligible subsidiaries. An eligible subsidiary applies the reduced disclosure requirements in IFRS 19 will still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. The adoption is not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investment in a joint venture

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 investment in a joint venture is 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.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Investment in a joint venture *(continued)*

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

Any difference between the carrying amount of the joint venture upon loss of joint control and proceeds from disposal is recognised in profit or loss.

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 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. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL 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 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. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

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. ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

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

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 is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Interests in land held for property development

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

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

Investment properties

Investment property located in Malaysia represents interests in a freehold land held for capital appreciation. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost and not depreciated.

Investment properties located in the PRC represents interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost and depreciated on the straight-line basis over the useful lives of 22 to 58 years.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Software

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

Licences to operate undergraduate institutions

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

Leases

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

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.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(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 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 — Chinese Mainland)	20 to 70 years
Leasehold land (Overseas — Malaysia)	80 to 900 years
Dormitories	2 to 12 years
School campuses	2 to 26 years
Equipment	4 years

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL 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 and office buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor — operating leases

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash 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.

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.

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

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.

Derecognition of financial assets

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL 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.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Convertible bonds

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

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Financial liability arising from the put option granted to a minority shareholder

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

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.

Offsetting of financial instruments

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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 does not give rise to equal taxable and deductible temporary differences; and

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

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group's revenue from the provision of formal educational services is in consideration of fixed amounts of tuition and boarding fees, which are recognised when the specific criteria have been met for the following activities:

Tuition and boarding fees from the provision of formal education services received from students are generally paid in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees from the provision of formal education services are recognised proportionately over the relevant period of the respective applicable program. The portion of tuition and boarding payments received from students but not recognised is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to recognise within one year. The academic year of the Group's schools is generally from September to August of the following year.

Tuition fees from the provision of other education services, including self-study examination education services, adult education services and training services to the students, are collected in advance on a lump sum basis. Revenue is recognised proportionately over the relevant period of the applicable program.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Share-based payments

The Group operates share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. 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.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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 Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries and schools are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for employees of the Group's subsidiary which operates in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's subsidiaries operating in Malaysia and Thailand make contributions to the statutory pension funds, which are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Housing fund

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in Chinese Mainland are charged to profit or loss as incurred.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL 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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and the liabilities of these entities are translated into RMB at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to 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. The WFOE, a wholly-owned subsidiary of the Company, has entered into the Structured Contracts with, among others, the Consolidated Affiliated Entities and their respective equity holders. The Structured Contracts enable the WFOE to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits of the Consolidated Affiliated Entities.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Structured Contracts, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities, and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the financial statements during the year.

Income tax

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether certain schools of the Group which are exempted from tax are subject to corporate income tax in respect of income from the provision of formal education services. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available causing the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact the tax expense in the period when such determination is made. Further details of income tax are set out in note 10 to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and intangible asset with indefinite useful life

The Group determines whether goodwill and intangible asset with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible asset with indefinite useful life as at 31 August 2024 were RMB2,051,684,000 and RMB158,078,000, respectively (31 August 2023: RMB2,040,254,000 and RMB149,031,000, respectively). Further details are given in note 18 to 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 of each reporting period. 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. Further details are given in note 15 to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

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 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 of the actual default in the future. The information about the ECLs on the Group's other receivables is disclosed in note 21 to financial statements.

Fair value measurement of convertible bonds

Convertible bonds amounting to RMB1,976,664,000 as at 31 August 2024 (31 August 2023: RMB2,183,887,000) are measured at fair value with fair values being determined based on unobservable inputs, including expected volatility of share price and discount rate, using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of convertible bonds. Further disclosures of the convertible bonds are set out in note 28 to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

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 three reportable operating segments as follows:

(a) The domestic education segment provides higher and vocational education services in Chinese Mainland;

(b) The global education segment provides higher education services outside the PRC; and

(c) The "other" segment comprises the investment and development of properties located in Chinese Mainland.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, foreign exchange differences, non-lease-related finance costs, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and pledged and restricted deposits as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), amounts due to related parties and convertible bonds as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 August 2024

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment revenue (note 5)				
Revenue from external customers	3,339,764	392,302	—	3,732,066
Intersegment sales	—	32,336	—	32,336
Total segment revenue	3,339,764	424,638	—	3,764,402
Reconciliation:				
Elimination of intersegment sales				(32,336)
Revenue from external customers				3,732,066

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 August 2024 *(continued)*

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment results	887,069	9,742	(65,572)	831,239
Reconciliation:				
Interest income				32,939
Foreign exchange differences, net				16,330
Fair value change from convertible bonds				186,516
Non-lease-related finance costs				(279,716)
Unallocated corporate expenses				(30,247)
Profit before tax				757,061
Segment assets	16,696,701	1,649,525	908,133	19,254,359
Reconciliation:				
Elimination of intersegment receivables				(73,602)
Pledged and restricted deposits				551,455
Cash and cash equivalents				2,549,299
Total assets				22,281,511
Segment liabilities	7,401,630	583,715	1,253	7,986,598
Reconciliation:				
Elimination of intersegment payables				(73,602)
Interest-bearing bank and other borrowings				3,237,361
Convertible bonds				1,976,664
Total liabilities				13,127,021
Other segment information				
Share of profit of:				
A Joint venture	27,182	—	—	27,182
Impairment losses recognised in profit or loss	73,194	—	43,752	116,946
Depreciation and amortisation	507,752	66,559	18,483	592,794
Share-based payment expense	40,999	—	—	40,999
Capital expenditure*	825,319	197,957	4,833	1,028,109

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 August 2023

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment revenue (note 5)				
Revenue from external customers	3,230,475	351,157	—	3,581,632
Intersegment sales	4,630	11,573	—	16,203
Total segment revenue	3,235,105	362,730	—	3,597,835
Reconciliation:				
Elimination of intersegment sales				(16,203)
Revenue from external customers				3,581,632
Segment results	867,885	53,315	(21,819)	899,381
Reconciliation:				
Interest income				66,239
Foreign exchange differences, net				(55,014)
Fair value change from convertible bonds				(228,654)
Non-lease-related finance costs				(339,140)
Unallocated corporate expenses				(37,529)
Profit before tax				305,283
Segment assets	16,992,472	1,370,484	1,038,669	19,401,625
Reconciliation:				
Elimination of intersegment receivables				(27,950)
Pledged and restricted deposits				100,008
Cash and cash equivalents				2,827,722
Total assets				22,301,405
Segment liabilities	7,859,960	370,735	1,512	8,232,207
Reconciliation:				
Elimination of intersegment payables				(27,950)
Interest-bearing bank and other borrowings				3,473,013
Amounts due to related parties				514
Convertible bonds				2,183,887
Total liabilities				13,861,671
Other segment information				
Share of profit of:				
A Joint venture	29,285	—	—	29,285
Impairment losses on financial assets	180,700	—	—	180,700
Depreciation and amortisation	472,418	46,211	14,665	533,294
Share-based payment expense	60,211	1,564	—	61,775
Investment in a joint venture	553,665	—	—	553,665
Capital expenditure*	1,053,867	16,658	383,452	1,453,977

* Capital expenditure consists of additions to property, plant and equipment, investment properties, interests in land held for property development and intangible assets including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Domestic* — Chinese Mainland	**3,339,764**	3,230,475
Overseas — Malaysia, Thailand and Hungary	**392,302**	351,157
Total revenue	**3,732,066**	3,581,632

The revenue information above is based on the locations of the customers.

* The place of domicile of the Group's principal operating subsidiaries is Chinese Mainland.

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Domestic — Chinese Mainland	**16,469,510**	16,779,655
Overseas — Malaysia, Thailand and Hungary	**1,514,387**	1,242,756
Total non-current assets	**17,983,897**	18,022,411

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of any segments during the years ended 31 August 2024 and 2023.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	3,732,066	3,581,632

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

For the year ended 31 August 2024

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		2,881,581	341,827	3,223,408
Boarding fees		296,400	9,686	306,086
Sales of books and daily necessities		56,630	—	56,630
Others	(i)	105,153	40,789	145,942
Total		3,339,764	392,302	3,732,066
Timing of revenue recognition				
Services transferred over time		3,283,134	392,302	3,675,436
Goods transferred at a point in time		56,630	—	56,630
Total		3,339,764	392,302	3,732,066

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

Revenue *(continued)*

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

For the year ended 31 August 2023

Segments	Note	Domestic education RMB'000	Global education RMB'000	Total RMB'000
Types of goods or services				
Tuition fees		2,733,142	320,725	3,053,867
Boarding fees		284,576	9,340	293,916
Sales of books and daily necessities		57,087	—	57,087
Others	(i)	155,670	21,092	176,762
Total		3,230,475	351,157	3,581,632
Timing of revenue recognition				
Services transferred over time		3,173,388	351,157	3,524,545
Goods transferred at a point in time		57,087	—	57,087
Total		3,230,475	351,157	3,581,632

(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.

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

Revenue *(continued)*

(b) Performance obligations *(continued)*

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment in advance is normally required.

Changes in contract liabilities during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of year	2,125,844	1,680,415
Additions from acquisition of subsidiaries	—	20,083
Disposal of a subsidiary	(841)	—
Revenue recognised that was included in the contract liabilities at beginning of year	(2,120,751)	(1,676,752)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	—	(20,083)
Increase due to cash received, excluding amounts recognised as revenue during the year	2,255,502	2,170,136
Classified as held for sale	—	(50,324)
Exchange realignment	12,597	2,369
Carrying amount at end of year	2,272,351	2,125,844
Amounts expected to be recognised as revenue:		
Within one year	2,267,792	2,123,601
After one year	4,559	2,243
Carrying amount at end of year	2,272,351	2,125,844

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

Revenue *(continued)*

(b) Performance obligations *(continued)*

Contract liabilities at the end of each reporting period represented advances received from students. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective applicable program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered.

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to tuition fees received in advance, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

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

Other income and gains

An analysis of other income and gains is as follows:

	Notes	2024 RMB'000	2023 RMB'000
Other income			
Bank interest income		26,636	29,797
Interest income from loans to related parties	35(b)(i)	53	36,442
Earned finance income		6,250	—
Total interest income		32,939	66,239
Deferred income released to profit or loss:	26		
— related to assets		59,212	49,381
— related to expenses		13,988	17,144
Government grants received	(i)	16,259	12,851
Rental income		12,421	15,895
Service income		64,966	62,223
Donation income		4,639	2,214
Others		47,629	38,786
Total other income		252,053	264,733
Gains			
Gain on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets		6,453	760
Gain on lease modification		—	34
Gain on liquidation of a subsidiary		—	19,226
Gain on disposal of investment in a joint venture, net		—	7,662
Gain on exchange differences, net		16,330	—
Gain on bargain purchase		—	5,498
Total gains		22,783	33,180
Total other income and gains		274,836	297,913
Fair value gains/(losses) on convertible bonds	28	186,516	(228,654)

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

Other income and gains *(continued)*

Note:

(i) Government grants received represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income in profit or loss when received. There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

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

	2024 RMB'000	2023 RMB'000
Interest on bank loans and other borrowings	253,768	313,885
Less: Interest capitalised	(19,927)	(22,322)
Net of interest capitalised	233,841	291,563
Increase in the discounted amounts of payables arising from the passage of time	45,875	47,577
Interest on lease liabilities	9,696	9,981
Total	289,412	349,121
Capitalisation rate of borrowing costs capitalised	7.51%	7.63%

7. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of services provided		**2,158,501**	1,901,450
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**1,302,430**	1,127,557
Equity-settled share option expense		**40,999**	61,775
Pension scheme contributions (defined contribution schemes)*		**230,278**	208,555
Total		**1,573,707**	1,397,887
Management fees	(i)	**122,252**	109,472
Depreciation of property, plant and equipment	13	**432,026**	404,041
Depreciation of right-of-use assets**	14(a)	**71,643**	66,317
Depreciation of land held for property development	15	**12,870**	12,889
Depreciation of investment properties	16	**5,613**	1,776
Amortisation of other intangible assets	17	**40,754**	34,823
Amortisation of contract cost assets	22	**29,888**	13,448
Losses on disposal of subsidiaries, net	33(a)(b)	**5,472**	—
Gain on liquidation of a subsidiary		**—**	(19,226)
Gain on bargain purchase***		**—**	(5,498)
Lease payments not included in the measurement of lease liabilities	14(c)	**36,666**	15,479
Foreign exchange differences, net		**4,377**	(28,305)
Auditors' remuneration		**7,350**	7,750
Losses on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets		**1,069**	2,798
Impairment loss on prepayments, deposits and other receivables	21	**73,194**	180,700
Impairment loss on land held for property development^	15	**43,752**	—
Gain on disposal of investment in a joint venture		**—**	(7,662)
Gain on lease modification, net	14(a)(b)	**—**	(34)

7. PROFIT BEFORE TAX *(continued)*

Note:

(i) Management fees represented the annual fees payable to the universities where the Group had entered into cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** During the year, the amounts of depreciation of right-of-use assets of RMB71,643,000 (2023: RMB66,317,000) and Nil (2023: RMB542,000) were recognised in profit or loss and capitalised as addition to construction in progress, respectively.

*** Gain on bargain purchase is included in "Other income and gains" in profit or loss.

^ Impairment loss on land held for property development is included in "Other expenses" in profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	2,929	2,613
Other emoluments:		
Salaries, allowances and benefits in kind	234	—
Equity-settled share option expense	5,033	2,520
Pension scheme contributions	123	72
Subtotal	5,390	2,592
Total	8,319	5,205

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

During the year and in the prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2024	2023
	RMB'000	RMB'000
Mr. Zhang Jin	**164**	151
Mr. Chen Yunhua	**—**	47
Mr. Gao Hao	**—**	47
Mr. Liu Zhonghui	**164**	104
Mr. Xiang Chuan	**164**	104
Total	**492**	453

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

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

(b) Executive directors, non-executive directors and the chief executive

	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 2024					
Executive directors:					
Mr. Wang Huiwu[iv]	**1,493**	**—**	**—**	**48**	**1,541**
Mr. Xu Changjun	**508**	**—**	**—**	**—**	**508**
Mr. Li Tao[ii]	**182**	**—**	**—**	**19**	**201**
Mr. Huang Zhongcai[ii] [iii]	**—**	**61**	**639**	**12**	**712**
Mrs. Lou Qunwei[iii]	**—**	**173**	**880**	**26**	**1,079**
Subtotal	**2,183**	**234**	**1,519**	**105**	**4,041**
Non-executive directors:					
Mr. He Shengli[i]	**—**	**—**	**—**	**—**	**—**
Mr. Lu Zhichao[ii]	**—**	**—**	**—**	**—**	**—**
Mr. Tang Jianyuan	**—**	**—**	**3,514**	**—**	**3,514**
Mr. Zhang Bing[i]	**—**	**—**	**—**	**—**	**—**
Mr. Li Tao	**254**	**—**	**—**	**18**	**272**
Subtotal	**254**	**—**	**3,514**	**18**	**3,786**
Total	**2,437**	**234**	**5,033**	**123**	**7,827**
Year ended 31 August 2023					
Executive directors:					
Mr. Wang Huiwu	1,235	—	—	36	1,271
Mr. Xu Changjun	493	—	504	—	997
Mr. Li Tao	432	—	503	36	971
Subtotal	2,160	—	1,007	72	3,239
Non-executive directors:					
Mr. He Shengli	—	—	1,009	—	1,009
Mr. Lu Zhichao	—	—	—	—	—
Mr. Tang Jianyuan	—	—	504	—	504
Subtotal	—	—	1,513	—	1,513
Total	2,160	—	2,520	72	4,752

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

(b) Executive directors, non-executive directors and the chief executive *(continued)*

Notes:

(i) On 5 January 2024, Mr. He Shengli resigned as a non-executive director and Mr. Zhang Bing was appointed as a non-executive director of the Company.

(ii) On 16 January 2024, Mr. Lu Zhichao resigned as a non-executive director. On 24 January 2024, Mr. Li Tao resigned as an executive director and was appointed as a non-executive director of the Company, and Mr. Huang Zhongcai was appointed as an executive director of the Company.

(iii) On 26 April 2024, Mr. Huang Zhongcai resigned as an executive director and Mrs. Lou Qunwei was appointed as an executive director of the Company.

(iv) Mr. Wang Huiwu is also the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees are detailed as follows:

	Number of employees	
	2024	2023
Director	**2**	2
Non-director	**3**	4
Total	**5**	6

Two employees tied for the fifth highest paid employee during the year ended 31 August 2023.

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

Details of directors' and chief executive's remuneration are set out in note 8 above. Details of the remaining highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	10,413	12,245
Equity-settled share option expense	3,167	7,162
Pension scheme contributions	61	130
Total	13,641	19,537

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	
	2024	2023
Nil to HK$1,000,000	—	—
HK$1,000,001 to HK$1,500,000	—	2
HK$1,500,001 to HK$2,000,000	1	—
HK$3,000,001 to HK$3,500,000	1	—
HK$5,000,001 to HK$5,500,000	—	1
HK$10,500,001 to HK$11,000,000	1	—
HK$12,500,001 to HK$13,000,000	—	1
Total	3	4

During the year and the prior year, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly it is not subject to income tax from business carried out in the Cayman Islands.

Mainland International Business Services Hong Kong Co., Ltd., a subsidiary incorporated in Hong Kong, is subject to income tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

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

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

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

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

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

	2024 RMB'000	2023 RMB'000
Current — Chinese Mainland		
Corporate income tax for the year	131,948	76,495
Underprovision/(overprovision) in prior years, net	11,315	(115)
Current — Elsewhere		
Corporate income tax for the year	14,377	16,213
Overprovision in prior years, net	(615)	(171)
Deferred (note 29)	(13,051)	2,092
Total tax charged for the year	143,974	94,514

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions/countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Notes	2024 RMB'000	2023 RMB'000
Profit before tax		**757,061**	305,283
Less: Losses from/(profits generated by) companies incorporated in the Cayman Islands*		**(235,022)**	139,342
Profit before tax by the Group other than companies incorporated in the Cayman Islands		**522,039**	444,625
Tax/(notional tax) at the respective statutory tax rates:			
— PRC subsidiaries, at 25%		**121,297**	92,268
— Hong Kong subsidiary, at 16.5%		**(502)**	1,703
— Malaysia subsidiaries, at 24%		**5,604**	15,853
— Thailand subsidiaries, at 20%		**4,049**	1,230
— Hungary subsidiary, at 9%		**(333)**	(628)
Lower tax rate for specific provinces or enacted by local authorities	(a)	**(26,273)**	(27,686)
Profits not subject to tax	(b)	**(37,890)**	(81,093)
Profits attributable to a joint venture		**(6,796)**	(7,321)
Adjustments in respect of current tax of previous years		**10,700**	(286)
Tax losses utilised from previous years		**(1,024)**	(849)
Tax losses and deductible temporary difference not recognised		**64,544**	81,108
Withholding tax**		**7,820**	18,644
Others		**2,778**	1,571
Tax charge at the Group's effective rate		**143,974**	94,514

* The profits generated by companies incorporated in the Cayman Islands during the year mainly consisted of fair value gains on convertible bonds and foreign exchange gains, which are not taxable pursuant to the rules and regulations of the Cayman Islands.

** The Group paid withholding tax regarding the intercompany interest income received by the Company from subsidiaries located in Chinese Mainland at the rate of 10%.

10. INCOME TAX *(continued)*

Notes:

(a) According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain subsidiaries that are located in Sichuan Province and engaged in the encouraged business are entitled to a preferential CIT rate of 15%.

According to the preferential tax rules for companies established in Horgos, Xinjiang, the PRC, certain subsidiaries are exempted from income tax for five years starting from the first year when the production income is obtained.

(b) According to the decision (the "2016 Decision") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law (《全國人民代表大會常務委員會關於修改〈中華人民共和國民辦教育促進法〉的決定》), which was promulgated on 7 November 2016, and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

As at the date of approval of these financial statements, except for four schools which were incorporated as non-profit private schools, the PRC Schools are in the process of classification registrations and remain as private non-enterprise units.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's opinion on the preferential tax treatments for the current year, the PRC Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments during the year. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax at a statutory rate of 25% in respect of income from the provision of formal educational services, if they do not enjoy any preferential tax treatment.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, all of the Group's non-school subsidiaries established in the PRC are subject to PRC corporate income tax at a rate of 25% during the year, except the WFOE and those subsidiaries which are mentioned above.

11. DIVIDENDS

At the meeting of the board of directors held on 29 November 2024, the Directors resolved not to pay any dividend for the year ended 31 August 2024 (2023: Nil).

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

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

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**609,562**	210,099
Less: Fair value and foreign exchange gains on convertible bonds	**(207,223)**	—
Profit attributable to ordinary equity holders of the Company, before fair value and foreign exchange gains on convertible bonds used in the diluted earnings per share calculation	**402,339**	210,099

	Notes	Number of shares 2024	 2023
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation	(i)	**8,224,974,706**	8,080,291,292
Effect of dilution — weighted average number of ordinary shares:	(ii)		
Share options — 2022 Share Option Scheme	(iii)	—	89,796,542
Convertible bonds	(iv)	**634,545,925**	—
Weighted average number of ordinary shares used in the diluted earnings per share calculation		**8,859,520,631**	8,170,087,834

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

Notes:

(i) The weighted average number of 8,224,974,706 ordinary shares was in issue during the year (2023: 8,080,291,292 ordinary shares in issue).

(ii) The weighted average number of ordinary shares were assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

(iii) No adjustment has been made to the basic earnings per share amount presented for the year in respect of a dilution for the share options under the 2018 Pre-IPO Share Option Scheme and 2022 Share Option Scheme as the exercise prices were higher than the average market price of the Company during the year.

(iv) For the year ended 31 August 2023, when taking convertible bonds into account in the calculation of diluted earnings per share, the profit attributable to ordinary equity holders of the Company would increase by RMB311,973,000 and the weighted average number of ordinary shares would increase by 634,545,925. Therefore, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year ended 31 August 2023 and were ignored in the calculation of diluted earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Devices and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2024							
At 1 September 2023:							
Cost	165,529	9,965,749	748,660	36,536	777,938	1,288,443	12,982,855
Accumulated depreciation and impairment	—	(983,985)	(449,486)	(23,694)	(500,944)	—	(1,958,109)
Net carrying amount	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746
At 1 September 2023, net of accumulated depreciation and impairment	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746
Additions	—	12,660	89,096	8,781	114,589	771,930	997,056
Disposals	—	(912)	(1,196)	(702)	(4,985)	(24,631)	(32,426)
Disposal of a subsidiary	—	—	—	(18)	—	—	(18)
Depreciation provided during the year (note 7)	—	(223,302)	(98,366)	(5,112)	(105,246)	—	(432,026)
Transfers	—	637,306	851	—	16,802	(654,959)	—
Exchange realignment	6,196	29,656	606	46	720	8,775	45,999
At 31 August 2024, net of accumulated depreciation and impairment	171,725	9,437,172	290,165	15,837	298,874	1,389,558	11,603,331
At 31 August 2024:							
Cost	171,725	10,656,036	839,900	44,105	899,060	1,389,558	14,000,384
Accumulated depreciation and impairment	—	(1,218,864)	(549,735)	(28,268)	(600,186)	—	(2,397,053)
Net carrying amount	171,725	9,437,172	290,165	15,837	298,874	1,389,558	11,603,331

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 2023							
At 1 September 2022:							
Cost	158,345	9,279,261	669,451	34,727	671,681	1,354,565	12,168,030
Accumulated depreciation and impairment	—	(785,902)	(360,509)	(20,734)	(418,850)	—	(1,585,995)
Net carrying amount	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
At 1 September 2022, net of accumulated depreciation and impairment	158,345	8,493,359	308,942	13,993	252,831	1,354,565	10,582,035
Additions	—	23,709	89,174	3,703	123,327	733,119	973,032
Acquisition of subsidiaries	—	55,122	5,451	226	893	—	61,692
Disposals	—	(1,013)	(1,085)	(423)	(1,961)	—	(4,482)
Transferred to assets held for sale	—	(167,916)	(9,610)	(330)	(10,430)	(1,469)	(189,755)
Transferred to investment properties	—	(12,503)	—	—	—	(3,724)	(16,227)
Depreciation provided during the year (note 7)	—	(206,261)	(99,332)	(4,373)	(94,075)	—	(404,041)
Depreciation capitalised (note 14)	—	—	—	—	—	542	542
Transfers	—	782,975	5,374	—	6,252	(794,601)	—
Exchange realignment	7,184	14,292	260	46	157	11	21,950
At 31 August 2023, net of accumulated depreciation and impairment	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746
At 31 August 2023:							
Cost	165,529	9,965,749	748,660	36,536	777,938	1,288,443	12,982,855
Accumulated depreciation and impairment	—	(983,985)	(449,486)	(23,694)	(500,944)	—	(1,958,109)
Net carrying amount	165,529	8,981,764	299,174	12,842	276,994	1,288,443	11,024,746

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

Notes:

(a) As at 31 August 2024, 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 RMB1,922,693,000 (31 August 2023: RMB2,472,990,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.

(b) As at 31 August 2024, certain of the Group's property, plant and equipment with a net carrying amount of RMB180,702,000 (31 August 2023: RMB11,589,000) were pledged to secure the bank and other borrowings granted to the Group (note 27(a)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, school campuses, dormitories and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the governments with lease periods of 20 to 900 years, and no ongoing payments will be made under the terms of these land leases. Leases of dormitories generally have lease terms between 2 and 12 years, while equipment has lease terms of 4 years. Leases of school campuses generally have lease terms from 2 to 26 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2023	1,830,552	58,007	44,968	—	781	1,934,308
Additions	197,671	—	12,028	—	—	209,699
Disposals	(147,549)	—	—	—	—	(147,549)
Depreciation charged to profit or loss during the year (note 7)	(48,837)	(13,884)	(8,441)	—	(481)	(71,643)
Exchange realignment	1,316	—	534	—	7	1,857
As at 31 August 2024	1,833,153	44,123	49,089	—	307	1,926,672

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(a) Right-of-use assets (continued)

	Leasehold land RMB'000	Dormitories RMB'000	School campuses RMB'000	Motor vehicles RMB'000	Equipment RMB'000	Total RMB'000
As at 1 September 2022	1,862,927	71,064	21,488	9	1,263	1,956,751
Additions	45,847	—	9,065	—	—	54,912
Acquisition of subsidiaries	14,640	—	17,458	—	—	32,098
Depreciation charged to profit or loss during the year (note 7)	(47,221)	(13,057)	(5,536)	(9)	(494)	(66,317)
Depreciation capitalised	(542)	—	—	—	—	(542)
Transferred to assets held for sale	(45,293)	—	—	—	—	(45,293)
Lease modification	—	—	(153)	—	—	(153)
Exchange realignment	194	—	2,646	—	12	2,852
As at 31 August 2023	1,830,552	58,007	44,968	—	781	1,934,308

Note:

(i) As at 31 August 2024, the Group's leasehold land with a net carrying amount of Nil (31 August 2023: RMB16,121,000) were pledged to secure the bank loans granted to the Group (note 27(a)).

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of year	149,826	143,503
New leases	12,028	9,065
Acquisition of subsidiaries	—	17,458
Accretion of interest recognised during the year	9,696	9,981
Lease modification	—	(187)
Payments	(38,447)	(32,714)
Exchange realignment	721	2,720
Carrying amount at end of the year	133,824	149,826
Analysed into:		
Current portion	37,271	33,091
Non-current portion	96,553	116,735

The maturity analysis of lease liabilities is disclosed in note 39 to financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	9,696	9,981
Depreciation charge on right-of-use assets	71,643	66,317
Expense relating to short-term leases (included in cost of sales and administrative expenses) (note 7)	36,666	15,479
Gain on lease modification (note 7)	—	(34)
Total amount recognised in profit or loss	118,005	91,743

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(d) The total cash outflow for leases is disclosed in note 36(c) to financial statements.

The Group as a lessor

The Group leased certain investment properties and 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 RMB12,421,000 (2023: RMB15,895,000), details of which are included in note 5 to financial statements.

As at 31 August 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**17,616**	29,357
After one year but within two years	**12,461**	10,328
After two years but within three years	**9,501**	3,892
After three years but within four years	**4,007**	2,384
After four years but within five years	**3,771**	593
After five years	**13,478**	2,197
Total	**60,834**	48,751

15. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of the year	**735,719**	575,317
Additions	**2,459**	173,291
Impairment during the year (note 7)	**(43,752)**	—
Depreciation charged to profit or loss during the year (note 7)	**(12,870)**	(12,889)
Carrying amount at end of the year	**681,556**	735,719

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 Chinese Mainland over fixed periods and held under leases with terms of 40 to 70 years.

The value of the land held for property development is assessed at the end of each reporting period. An impairment exists when the carrying amount exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses. The determination of the net realisable value of the land held for property development involves expected future selling prices, the relevant taxes, and costs necessary to complete the sale of these properties. The calculation of the net realisable value for the land held for property development at the financial reporting date is performed by the Group's management. The Group's management engaged an external valuer to perform independent valuations for these properties.

16. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Net carrying amount as at 1 September 2023	**261,419**	36,536
Additions	**2,374**	210,161
Transferred from property, plant and equipment	**—**	16,227
Depreciation provided during the year (note 7)	**(5,613)**	(1,776)
Exchange realignment	**2,234**	271
Net carrying amount as at 31 August 2024	**260,414**	261,419

The Group's investment properties consist of four commercial properties in Chinese Mainland owned by the "PRC Schools" and freehold land in Malaysia owned by Inti Education Holdings Sdn. Bhd. and its subsidiaries ("INTI Group"). As at 31 August 2024, the fair value of the investment properties was estimated to be approximately RMB298,131,000 (31 August 2023: RMB294,582,000) consistent with the valuation performed by independent professionally qualified valuers. Selection criteria of the external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

The valuation of freehold land in Malaysia was determined using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre. The valuation of four commercial properties in Chinese Mainland was determined using the discounted cash flow method. The most important input for this valuation method is the annual rent and the discount rate. The fair value measurement hierarchy of the investment properties requires certain significant unobservable inputs (Level 3). During the year, there were no transfers into or out of Level 3 (2023: Nil).

The investment properties in Chinese Mainland are leased under operating leases, further summary details of which are included in note 14 to financial statements.

As at 31 August 2024, certain of the Group's investment properties with a net carrying amount of RMB203,921,000 (31 August 2023: Nil) were pledged to secure the other borrowings granted to the Group (note 27(a)).

17. OTHER INTANGIBLE ASSETS

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangement to operate independent college RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2024					
Cost at 1 September 2023, net of accumulated amortisation	149,031	88,351	3,481	1,015,700	1,256,563
Additions	—	26,220	—	—	26,220
Disposals	—	(494)	—	—	(494)
Amortisation provided during the year (note 7)	—	(14,454)	(3,481)	(22,819)	(40,754)
Exchange realignment	9,047	123	—	—	9,170
At 31 August 2024	158,078	99,746	—	992,881	1,250,705
At 31 August 2024					
Cost	158,078	157,538	17,438	1,065,978	1,399,032
Accumulated amortisation	—	(57,792)	(17,438)	(73,097)	(148,327)
Net carrying amount	158,078	99,746	—	992,881	1,250,705

17. OTHER INTANGIBLE ASSETS *(continued)*

	Trade name (Note (i)) RMB'000	Software RMB'000	Cooperation arrangement to operate independent college RMB'000	Licences to operate under-graduate institutions (Note (ii)) RMB'000	Total RMB'000
31 August 2023					
Cost at 1 September 2022, net of accumulated amortisation	147,934	62,652	6,963	1,038,521	1,256,070
Additions	—	35,246	—	—	35,246
Acquisition of subsidiaries	—	555	—	—	555
Disposals	—	(598)	—	—	(598)
Assets classified as held for sale	—	(1,000)	—	—	(1,000)
Amortisation provided during the year (note 7)	—	(8,520)	(3,482)	(22,821)	(34,823)
Exchange realignment	1,097	16	—	—	1,113
At 31 August 2023	149,031	88,351	3,481	1,015,700	1,256,563
At 31 August 2023					
Cost	149,031	132,344	17,438	1,065,978	1,364,791
Accumulated amortisation	—	(43,993)	(13,957)	(50,278)	(108,228)
Net carrying amount	149,031	88,351	3,481	1,015,700	1,256,563

17. OTHER INTANGIBLE ASSETS *(continued)*

Notes:

(i) The trade name acquired through the acquisition of INTI Group is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 18 to financial statements.

(ii) The licences to operate undergraduate institutions are amortised on the straight-line basis over their estimated useful lives by considering the expected usage of the assets and legal or similar limits on the use of the assets. The net carrying amount of these licences and the estimated useful lives are as follows:

	2024 RMB'000	Estimated useful life
Yinchuan University of Energy	**76,050**	35 years
College of Science and Technology	**232,031**	46 years
Pioneer College	**236,878**	49 years
Shaanxi University	**447,922**	49 years
Total	**992,881**	

18. GOODWILL

The carrying amounts of goodwill as at 31 August 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Cost and net carrying amount at beginning of year	**2,040,254**	2,031,266
Acquisition of subsidiaries	**—**	6,581
Exchange realignment	**11,430**	2,407
Cost and net carrying amount at end of year	**2,051,684**	2,040,254

The carrying amount of the trade name with an indefinite useful life was set out in note 17 to financial statements.

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life

The goodwill and trade name acquired through business combinations are allocated to the following cash-generating units ("CGU") for impairment testing:

- Sichuan Tianyi College cash-generating unit ("Tianyi College CGU");
- Jinci College of Shanxi Medical University cash-generating unit ("Jinci College CGU");
- Sichuan TOP IT Vocational Institute cash-generating unit ("TOP Institute CGU");
- Yinchuan University of Energy cash-generating unit ("Yinchuan Energy CGU");
- Suzhou Top Institute of Information Technology cash-generating unit ("Suzhou Top CGU");
- Inti Education Holdings Sdn. Bhd. and its subsidiaries cash-generating unit ("INTI Group CGU");
- Nanchang Vocational Institute cash-generating unit ("Nanchang Institute CGU");
- Jinken College cash-generating unit ("Jinken College CGU");
- Pioneer College cash-generating unit ("Pioneer College CGU");
- College of Science and Technology cash-generating unit ("ST College CGU");
- Shaanxi University cash-generating unit ("Shaanxi University CGU"); and
- Wekerle Sandor Business School cash-generating unit ("Wekerle School CGU")

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life *(continued)*

The carrying amount of the goodwill and trade name allocated to each CGU at the end of the reporting period is as follows:

	2024 RMB'000	2023 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*	362,850	342,083
Nanchang Institute CGU	38,122	38,122
Jinken College CGU	354,588	354,588
Pioneer College CGU	93,978	93,978
ST College CGU	26,419	26,419
Shaanxi University CGU	736,070	736,070
Wekerle School CGU	7,279	7,569
Total	2,209,762	2,189,285

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 ranged from 2.2% to 2.3%, which were same as the inflation rates.

* Include the intangible asset with an indefinite useful life of RMB158,078,000 (note 17(i)) (2023: RMB149,031,000).

Assumptions were used in the value-in-use calculation of each of the above CGUs for 31 August 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The budgeted revenue is based on the historical data and management's expectation on the future market. It mainly consists of the budgeted tuition and boarding fees, which are dependent on the number of students and the unit price of tuition and boarding fees.

18. GOODWILL *(continued)*

Impairment testing of goodwill and an intangible asset with an indefinite useful life *(continued)*

Budgeted EBIT — The basis used to determine the value assigned to the budgeted earnings before interest and taxes ("EBIT") is the average EBIT achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Pre-tax discount rate — The pre-tax discount rate reflects the risks relating to the relevant CGUs, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the education industry. The pre-tax discount rate used in the value-in-use calculation for each CGU is as follows:

	2024	2023
Tianyi College CGU	13%	13%
Jinci College CGU	13%	13%
TOP Institute CGU	13%	13%
Yinchuan Energy CGU	13%	13%
Suzhou Top CGU	13%	13%
INTI Group CGU	17%	18%
Nanchang Institute CGU	13%	13%
Jinken College CGU	13%	13%
Pioneer College CGU	13%	13%
ST College CGU	13%	13%
Shaanxi University CGU	13%	13%
Wekerle School CGU	14%	13%

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

The directors have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amounts of the respective CGUs then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amounts of the respective CGUs, would still exceed their respective carrying amounts.

19. INVESTMENT IN A JOINT VENTURE

	2023 RMB'000
Share of net assets	347,558
Goodwill on acquisition	218,776
Unrealised gains from downstream transactions to a joint venture	(12,669)
Total	553,665

The Group's loans to the joint venture are disclosed in note 35(b) to financial statements.

Gongqing College of Nanchang University is accounted for as a joint venture even though the Group owns a 100% ownership interest and a 100% profit sharing right in Gongqing College of Nanchang University. According to the articles of association of Gongqing College of Nanchang University, all decisions about the relevant activities require the unanimous consent from all the members of the board of directors of Nanchang University, and only three directors were appointed by the Group among the nine members of the board of directors. Therefore, the Group is able to exercise joint control over Gongqing College of Nanchang University. The above investment is indirectly held by the Company. On 28 April 2024, the Group disposed of the investment in Gongqing College of Nanchang University as a result of the disposal of a subsidiary, as further disclosed in note 33(b) to financial statements.

20. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Tuition and boarding fee receivables	83,683	104,591

The outstanding trade receivables represent amounts due from students who have applied for the monthly instalment plan and amounts due from certain students who have applied for scholarships receivable from the government. There is no fixed term for the trade receivables. The trade receivables have no recent history of default. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE RECEIVABLES *(continued)*

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:

	2024 **RMB'000**	2023 RMB'000
Within 3 months	**44,426**	53,912
Over 3 months	**39,257**	50,679
Total	**83,683**	104,591

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. No expected credit losses were provided as it is assessed the overall expected credit loss rate for the above financial assets measured at amortised cost will be minimal.

None of the above trade receivables is either past due or impaired.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Current portion:			
Loans to third parties, interest receivables included	(a)	458,029	471,260
Cash in transit	(b)	96,198	59,212
Deferred operating expenses		90,560	62,942
Deposits		114,227	27,595
Staff advances		22,657	26,334
Amounts due from the local finance department		—	78,735
Receivables arising from the disposal of items of property, plant and equipment, other intangible assets and right-of-use assets		20,000	—
Loans to the government		18,641	24,581
Rental receivables from third parties		21,296	19,642
Receivables arising from the disposal of subsidiaries		160,633	—
Other receivables		65,712	79,712
		1,067,953	850,013
Impairment allowance	(a)/(c)	(253,894)	(180,700)
Subtotal		814,059	669,313
Non-current portion:			
Prepayments for property, plant and equipment		108,945	36,833
Prepayments for intangible assets		2,840	969
Deferred operating expenses		37,057	—
Prepayments for land lease payments		36,419	174,917
Loans to a third party	(a)	—	15,000
Receivables arising from the disposal of subsidiaries		221,249	—
Prepayment for an equity investment		7,260	—
Deposits		16,511	90,417
Subtotal		430,281	318,136
Total		1,244,340	987,449

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

Notes:

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

	Notes	2024 RMB'000	2023 RMB'000
Guixi Property	(i)		
Principal		**319,680**	347,911
Less: impairment allowance		**(204,424)**	(154,406)
Subtotal		**115,256**	193,505
Zhongsheng Real Estate	(ii)		
Principal		**107,000**	107,000
Interest receivables		**31,349**	31,349
Less: impairment allowance		**(37,846)**	(21,333)
Subtotal		**100,503**	117,016
Total		**215,759**	310,521

(i) Loans to Chengdu Wuhou Guixi Property Development Company Limited ("Guixi Property"), a company controlled by the previous ultimate shareholder of Sichuan TOP IT Vocational Institute, bear interest at a fixed rate of 7.5% per annum. The loans are secured by the pledge of buildings and certain car parks (the "Collaterals") belonging to Guixi Property. Meanwhile, the Group requested property preservation on a 40% equity interests held by Guixi Property and a receivable from the disposal of a sponsor rights of a hospital (the "Preserved Properties"), which had been passed by the people's court.

During the year, parts of the Collaterals had been auctioned and the proceeds from the disposal of the Collaterals were used to repay the amounts due from Guixi Property, except for the certain Collaterals that have not been auctioned successfully. The 40% equity interests held by Guixi Property as mentioned above were also auctioned in August 2024 and the proceeds will be used to repay the amounts due from Guixi Property.

As at 31 August 2024, after considering the repayment of the loans through the proceeds from the auction, the remaining principal of RMB319,680,000 has been past due. The Group recognised an impairment allowance amounting to RMB204,424,000, as the expected discounted cash flow from the Collaterals and the Preserved Properties as at 31 August 2024 was approximately RMB115,256,000, which is lower than remaining principal loans. The fair value of the Collaterals and the expected discounted cash flow from the Collaterals are determined by an independent qualified valuer engaged by management.

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

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

Notes: *(continued)*

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

(ii) The balance represented loans to Chongqing Zhongsheng Real Estate Development Co. Ltd. ("Zhongsheng Real Estate"), a former subsidiary of the Group, which bears interest at a fixed rate of 8% per annum. The loan and interest receivable are secured by 100% equity interests in Zhongsheng Real Estate.

As at 31 August 2024, the principle and interests receivables aggregating to RMB138,349,000 have been past due. The Group recognised an impairment allowance amounting to RMB37,846,000, as the expected discounted cash flow from Zhongsheng Real Estate was approximately RMB100,503,000 after taking into account the fair value of the 100% equity interests pledged as at 31 August 2024, of which the valuation was performed by an independent qualified valuer engaged by management.

(b) The cash in transit represents the fees collected through third party online payment service providers at the end of the reporting period, which have yet to be transferred to the respective bank accounts of the Group at the end of the reporting period.

(c) In addition to the impairment allowance in (a), an impairment allowance amounting to RMB11,624,000 as at 31 August 2024 (31 August 2023: RMB4,961,000) related to the non-recovery of other receivables and deposits paid by the Group.

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

22. CONTRACT COST ASSETS

	2024 **RMB'000**	2023 RMB'000
Non-current assets	**17,014**	3,018
Current assets	**23,373**	11,461
	40,387	14,479

Contract costs capitalised as at 31 August 2024 and 2023 related to the incremental commission fees paid to agents for successful referral of students entering into contracts for the tuition services. Contract costs are recognised as selling expenses in profit or loss in the year in which revenue from the related tuition services is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 August 2024 was RMB29,888,000 (2023: RMB13,448,000). There was no impairment in relation to the costs capitalised during the years ended 31 August 2024 and 2023.

The contract costs are amortised on the straight-line basis over the average course duration of 3 years (2022: 3 years), which is consistent with the pattern of recognition of the tuition fee revenue.

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	2024 RMB'000	2023 RMB'000
Cash and bank balances		**3,100,754**	2,927,730
Less:			
Pledged deposits for other borrowings — current	27(a)	**(495,659)**	—
Restricted bank balances in escrow accounts (i)			
Current		**(29,719)**	(71,611)
Non-current		**(7,520)**	(7,520)
Other restricted bank balances — current		**(18,557)**	(20,877)
Total pledged and restricted deposits		**(551,455)**	(100,008)
Cash and cash equivalents		**2,549,299**	2,827,722

Note:

(i) The amount mainly represents cash received from the relevant government authorities and placed into escrow accounts for the construction of a new campus and procurement of school equipment in Jiangxi Province, amounting to RMB36,302,000 as at 31 August 2024 (31 August 2023: RMB36,288,000).

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

	2024 RMB'000	2023 RMB'000
RMB	**2,559,310**	2,574,279
Hong Kong dollar ("HK$")	**14,053**	16,554
Malaysian ringgit ("RM")	**436,376**	186,474
United States dollar ("US$")	**101**	67,736
Thailand Baht ("THB")	**82,291**	76,474
Euro ("EUR")	**8,156**	5,842
Hungarian Forint ("HUF")	**467**	371
Cash and bank balances	**3,100,754**	2,927,730

23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS *(continued)*

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged and restricted deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2024 **RMB'000**	2023 RMB'000
Within 3 months	**26,252**	27,625
Over 3 months	**31,034**	20,542
Total	**57,286**	48,167

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

25. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Current portion:			
Payables for purchase of property, plant and equipment		664,118	758,573
Payables for the acquisition of equity interests	(v)	471,332	629,591
Miscellaneous advances received from students	(i)	228,221	219,211
Accrued bonuses and other employee benefits		194,382	195,439
Government scholarship		236,173	229,562
Payables for purchase of teaching materials and operating expenditure		28,590	35,023
Payables for management fees	7(i)	43,496	36,190
Rental payable		47,133	41,643
Deposits payable		61,589	64,537
Other taxes payable		77,025	120,748
Other payables and accrued expenses		290,102	253,890
Loans from third parties	(vi)	124,387	30,003
Construction loan from the Mianzhu Education Bureau	(ii)	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	(iii)	80,682	80,682
Advances received for disposal of Hebi Automotive		—	41,961
Payable for land lease payments		39,920	13,340
Subtotal		2,662,982	2,826,225
Non-current portion:			
Payables for conversion of certain independent colleges into fully private colleges	(iii)	449,283	505,143
Liability of a put option granted to a minority shareholder	(iv)	352,605	332,238
Other payables		7,930	8,575
Subtotal		809,818	845,956
Total		3,472,800	3,672,181

25. OTHER PAYABLES AND ACCRUALS *(continued)*

Notes:

(i) The advances received from students represented expenses relating to textbooks, military training, medical examination and insurance, etc. collected from students which will be paid out on behalf of students.

(ii) Sichuan Tianyi College obtained an interest-free construction loan from the Mianzhu Education Bureau in 2015.

(iii) The amount includes fees payable for conversions of College of Guizhou Qiannan Economics and College of Science and Technology from independent colleges into fully private colleges in prior year. The amount of RMB449,283,000 (31 August 2023: RMB505,143,000) will be payable over twelve months and was presented as non-current liabilities.

(iv) On 25 February 2022, the Group acquired a 70% sponsor right in Shaanxi University from independent third parties (the "Sellers"). As part of the agreement, the Group granted one of the Sellers a right to sell the remaining sponsor right of 30% to the Group at any time at a consideration, which is dependent on the audited earnings before interest, taxes, depreciation and amortisation of Shaanxi University of the preceding year when the put option was exercised. The put option granted is accounted for as a financial liability and is initially recognised at fair value of the liability and subsequently measured at amortised cost.

As at 31 August 2023 and 2024, the Company reassessed the expected redemption amount of the financial liability of put option with no material changes subsequent to initial recognition.

(v) A 51% equity interest in Inner Mongolia Pu Rui Chen Education Technology Co., Ltd. was pledged for the payables for the acquisition of equity interests.

(vi) As at 31 August 2024, loans from third parties bore interest at an interest rate ranging from Nil to 15.5% per annum, of which RMB14,000,000 were secured by Mr. Wang Huiwu, RMB20,217,000 were secured by a former shareholder of Shaanxi University, and RMB52,733,000 were jointly secured by Mr. Wang Huiwu and a former shareholder of Shaanxi University.

26. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants related to assets		
At beginning of year	**1,578,014**	1,574,420
Government grants received	**31,837**	57,319
Released to profit or loss (note 5)	**(59,212)**	(49,381)
Classified as held for sale	**—**	(4,344)
At end of year	**1,550,639**	1,578,014
Current	**39,438**	41,574
Non-current	**1,511,201**	1,536,440
Total	**1,550,639**	1,578,014
Government grants related to expense items		
At beginning of year	**36,382**	35,787
Government grants received	**16,920**	17,075
Acquisition of subsidiaries	**—**	664
Released to profit or loss (note 5)	**(13,988)**	(17,144)
At end of year — current	**39,314**	36,382

Deferred income related to assets mainly represents the government grants received for subsidies relating to the construction of certain buildings. These grants related to assets are released to profit or loss as other income over the expected useful lives of the relevant assets.

Deferred income related to expense items represents to government grants received for the purpose of subsidising teaching-related operating costs incurred during the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.80–7.00	2024–2025	490,600	3.90–7.00	2023–2024	540,000
Bank loans — unsecured	—	—	—	4.85	2023–2024	64,173
Current portion of						
— Long term bank loans — secured	4.80–6.84	2024–2025	19,898	5.00–6.84	2023–2024	89,200
— Syndicated loan — secured	—	—	—	2.25+HIBOR	2023–2024	85,579
— Medium term notes — secured^	5.30	On Demand	271,366	—	—	—
— Other borrowings — secured	6.58–10.67	2024–2025	1,272,915	6.81–10.65	2023–2024	859,399
Total — current			2,054,779			1,638,351
Non-current						
Bank loans — secured	4.80–6.84	2025–2027	272,255	5.00–6.84	2024–2026	29,800
Syndicated loan — secured	—	—	—	2.25+HIBOR	2024–2025	473,156
Other borrowings — secured	6.58–10.67	2025–2028	910,327	6.81–10.65	2024–2026	1,331,706
Total — non-current			1,182,582			1,834,662
Total			3,237,361			3,473,013

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

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	510,498	778,952
In the second year	117,297	77,360
In the third to fifth years, inclusive	154,958	425,596
Subtotal	782,753	1,281,908
Other borrowings repayable:		
Within one year	1,544,281	859,399
In the second year	401,695	719,923
In the third to fifth years, inclusive	508,632	611,783
Subtotal	2,454,608	2,191,105
Total	3,237,361	3,473,013

Notes:

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

	2024 RMB'000	2023 RMB'000
RMB	2,965,995	2,914,278
RM	271,366	—
HKD	—	558,735
Bank and other borrowings	3,237,361	3,473,013

^ As at 31 August 2024, the Group's medium term notes of RMB271,366,000 became immediately repayable if requested by the guarantor due the failure to satisfy the requirements of Environmental and Social Safeguards Corrective Action Plan approved by the guarantor.

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 and other borrowings of RMB1,031,005,000 as at 31 August 2024 (2023: RMB18,000,000):

	2024 RMB'000	2023 RMB'000
Net book amount of:		
Property, plant and equipment (note 13(b))	180,702	11,589
Investment properties (note 16)	203,921	—
Prepaid land lease payments (note 14(a))	—	16,121
Total	384,623	27,710

(ii) Deposits amounting to RMB12,739,000 (note 23) were set aside as security for the payment of an one-year interest payable arising from the medium term notes of the Group amounting to RMB271,366,000 (31 August 2023: Nil).

Deposits amounting to RMB482,920,000 (note 23) were set aside as security for the repayment of the principal and interest of the Group's asset-backed notes amounting to RMB1,026,105,000 (31 August 2023: Nil).

(b) Pledges of equity interests in the following subsidiaries to secure the bank and other borrowings granted to the Group:

(i) 100% of the equity interest in Sichuan Guojian Investment Limited, the guarantee granted by the Company, and the rights over tuition fees of Southwest Jiaotong University Hope College have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB519,867,000 as at 31 August 2024 (31 August 2023: RMB664,261,000);

(ii) 100% of the equity interest in Sichuan TOP Education Co., Ltd., the guarantee granted by Sichuan Hope Education, and the rights over tuition fees of Sichuan TOP IT Vocational Institute have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB506,238,000 as at 31 August 2024 (31 August 2023: Nil);

(iii) 100% of the equity interest in Yonghe Education Investment Co., Ltd. has been pledged for bank loans of RMB120,000,000 as at 31 August 2024 (31 August 2023: Nil); and

(iv) 80% of the equity interest in Guangxi Guilin Yijia Education Management Co., Ltd. has been pledged for bank loans of RMB30,000,000 as at 31 August 2024 (31 August 2023: 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	
	2024	2023
	RMB'000	RMB'000
Sichuan Tianyi College	**90,000**	—
Southwest Jiaotong University Hope College	**519,867**	664,261
Sichuan TOP IT Vocational Institute	**506,237**	—
Shaanxi University	**104,500**	97,000
Sichuan Hope Automotive Vocational College and Sichuan Hope Automotive Vocational College	**170,000**	—
Guizhou Applied Technology Technician College	**9,000**	—
Total	**1,399,604**	761,261

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

	Loan amount	
	2024	2023
	RMB'000	RMB'000
Related parties' guarantees		
— Tequ Education and Mr. Wang Huiwu	**—**	10,800
— Mr. Wang Huiwu	**1,107,575**	1,302,438
Subtotal	**1,107,575**	1,313,238
Former shareholders' guarantees		
— Shaanxi University	**154,051**	97,000
— Nanjing Jinken	**—**	18,000
Subtotal	**154,051**	115,000
Related party's and former shareholder's joint guarantees		
— Mr. Wang Huiwu and former shareholder of Shaanxi University	**50,317**	—
Third party's guarantee		
— Credit guarantee and investment facility	**271,366**	—
Total	**1,583,309**	1,428,238

28. CONVERTIBLE BONDS

	2024 RMB'000	2023 RMB'000
At beginning of year	2,183,887	1,871,914
Change in fair value charged/(credited) to profit or loss (note 5)	(186,516)	228,654
Foreign exchange loss/(gain) charged to profit or loss	(20,707)	83,319
At end of year	1,976,664	2,183,887

On 2 March 2021, Tequ Mayflower Limited, a wholly-owned subsidiary of the Company completed the issue of 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. There is an early redemption option granted to bondholders with certain criteria satisfied that the Bonds are redeemable at the option of the bondholders at 103.04 per cent of the principal amount on 2 March 2024 (the "Early Redemption Option"). To exercise the Early Redemption Option, the bondholders should comply with the prescribed procedures and conditions of the Offering Circular of the Bonds, with details disclosed in the Company's announcement dated on 3 March 2021. Any convertible bonds not converted will be redeemed on 2 March 2026 at 105.11 per cent of its principal amount.

During the year ended 31 August 2022, the Group had repurchased the Bonds with an aggregate principal amount of US$34,900,000 at a consideration of US$20,991,250 (equivalent to approximately RMB140,698,000).

The Company received early redemption option notices, with disputes in validity, in respect of US$315,100,000 in an aggregate principal amount of the Bonds on 10 February 2024. The Company received a winding-up petition dated 27 March 2024 filed by a bank with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region ("High Court") as the Bonds was not redeemed under its request. On 28 August 2024, the High Court dismissed the winding-up petition as the debt arising from the redemption is disputed on substantial grounds. The Directors are of the opinion that the redemption option is not valid and the maturity date of the Bonds is still 2 March 2026.

The Group designated the Bonds (including the conversion option) as financial liabilities at fair value through profit or loss which were initially recognised at fair value. Transaction costs relating to the issuance of the convertible bonds were charged to profit or loss immediately. In subsequent periods, such convertible bonds are remeasured at fair value. The change in fair value that is attributed to change in credit risk is recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

The fair values of the convertible bonds were determined by an independent qualified valuer based on the binomial model for the years ended 31 August 2024 and 2023.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Lease liabilities RMB'000	Contract liabilities RMB'000	Accrued expenses RMB'000	Loss available for offsetting against future taxable profits RMB'000	Total RMB'000
Year ended 31 August 2024					
At beginning of year	5,962	25,607	3,791	4,149	39,509
Deferred tax credited/(charged) to profit or loss during the year	(1,279)	8,725	4,010	1,190	12,646
Exchange realignment	256	2,277	562	350	3,445
At end of year	4,939	36,609	8,363	5,689	55,600
Year ended 31 August 2023					
At beginning of year	8,099	27,119	9,920	985	46,123
Deferred tax credited/(charged) to profit or loss during the year	(2,200)	(1,715)	(6,143)	3,160	(6,898)
Exchange realignment	63	203	14	4	284
At end of year	5,962	25,607	3,791	4,149	39,509

29. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries	Accounting depreciation in short of tax depreciation	Right-of-use assets	Contract costs	Intercompany interest receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 August 2024						
At beginning of year	69,696	47,586	4,744	3,469	4,148	129,643
Deferred tax charged/(credited) to profit or loss during the year	(930)	(1,097)	(966)	5,553	(2,965)	(405)
Exchange realignment	4,154	2,797	207	671	13	7,842
At end of year	72,920	49,286	3,985	9,693	1,196	137,080
Year ended 31 August 2023						
At beginning of year	70,076	48,887	7,431	3,575	3,487	133,456
Deferred tax charged/(credited) to profit or loss during the year	(900)	(1,665)	(2,745)	(132)	636	(4,806)
Exchange realignment	520	364	58	26	25	993
At end of year	69,696	47,586	4,744	3,469	4,148	129,643

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:

	2024	2023
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	33,168	24,520
Net deferred tax liabilities recognised in the consolidated statement of financial position	114,648	114,654

29. DEFERRED TAX *(continued)*

Deferred tax liabilities *(continued)*

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 Chinese Mainland. 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 Chinese Mainland 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 Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 August 2024, the aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB3,529,129,000 (2023: RMB3,064,226,000).

At 31 August 2024, the Group had unused tax losses arising in Chinese Mainland from PRC entities and in Malaysia from INTI Group subject to income tax of RMB345,878,000 and RMB30,124,000, respectively (2023: RMB304,024,000 and RMB54,889,000, respectively), which will expire in one to ten years for offsetting against future profits, and the Group had deductible temporary difference of RMB294,259,000 (2023: RMB177,313,000) arising from the impairment losses on financial assets. Deferred tax assets have not been recognised in respect of these tax losses and deductible temporary difference as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	2024 **US$**	2023 US$
Authorised:		
10,000,000,000 shares of US$0.00001 each (2023: 10,000,000,000 shares of US$0.00001 each)	**100,000**	100,000
Issued and fully paid:		
8,224,974,706 ordinary shares (31 August 2023: 8,224,974,706 ordinary shares) of US$0.00001 each	**82,250**	82,250
Equivalent to approximately	**RMB558,695**	RMB558,695

31. SHARE OPTION SCHEME

The Company operates two share option schemes, including the share option scheme adopted on 18 March 2018 (the "2018 Pre-IPO Share Option Scheme") and the share option scheme adopted on 11 May 2022 (the "2022 Share Option Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

2018 Pre-IPO Share Option Scheme

On 18 March 2018, the Company adopted the 2018 Pre-IPO Share Option Scheme. The 2018 Pre-IPO Share Option Scheme became effective on 18 March 2018 and expired on 3 August 2018, the date on which the shares of the Company first commenced trading on the Stock Exchange, after which period no further Pre-IPO Share Options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Pre-IPO Share Options which were granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

During the years ended 31 August 2024 and 2023, no share option under 2018 Pre-IPO Share Option Scheme was exercised or forfeited.

The exercise price and exercise periods of the share options granted under the 2018 Pre-IPO Share Option Scheme outstanding as at the end of the reporting period are as follows:

	Number of share options		Exercise price per share	Exercise period
	2024	2023	HK$	
Tranche A	**168,372**	168,372	0.6800	30.1.2019–18.3.2038
Tranche B	**125,037,323**	125,037,323	1.0700	30.1.2019–18.3.2038
Tranche C	**105,081,559**	105,081,559	1.3000	30.1.2019–18.3.2038
Total	**230,287,254**	230,287,254		

31. SHARE OPTION SCHEME *(continued)*

2022 Share Option Scheme

2022 Share Option

On 11 May 2022, a total of 612,505,822 share options under the 2022 Share Option Scheme (the "2022 Share Option") were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year and, unless otherwise cancelled or amended, will remain in force until 10 May 2032. The exercise period of the share options granted under the 2022 Share Option commences on 11 May 2023 and ends on a date which is not later than 10 May 2032 or the expiry date terminated in advance under the relevant requirements of the 2022 Share Option Scheme, if earlier.

(i) Movements in share options

	2024		2023	
	Weighted average exercise price per share HK$	Number of options	Weighted average exercise price per share HK$	Number of options
At beginning of year	0.486	415,081,822	0.486	612,505,822
Granted during the year	—	—	—	—
Exercised during the year	—	—	0.486	(197,424,000)
Forfeited during the year	0.486	(43,559,000)	—	—
At end of year	0.486	371,522,822	0.486	415,081,822

(ii) Outstanding share options

The exercise price and exercise periods of the share options granted under the 2022 Share Option outstanding as at the end of the year are as follows:

	Number of share options		Exercise price per share	Exercise period
	2024	2023	HK$	
2022 Share Option	371,522,822	415,081,822	0.4860	11.5.2023–10.5.2032

31. SHARE OPTION SCHEME *(continued)*

2022 Share Option Scheme *(continued)*

2023 Share Option

On 26 September 2023, a total of 190,000,000 share options under the 2022 Share Option Scheme (the "2023 Share Option") were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year. The exercise price of the share options was fixed at HK$0.493 per share.

The actual number of share options becoming vested and exercisable is subject to the satisfaction of certain performance targets and other conditions as the board of the directors at its sole discretion may have stipulated and which have been communicated to the grantees in writing. The performance targets relate to (i) the financial parameters of the Group and (ii) the individual performance indicators relevant to the grantees' roles and responsibilities.

The exercise period of the share options granted under the 2023 Share Option commences on 26 September 2024 and ends on a date which is not later than 30 November 2032 or the expiry date terminated in advance under the relevant requirements of the 2022 Share Option Scheme, if earlier. During the year, no share options under the 2023 Share Option were exercisable. The following table discloses the details of share options outstanding under the 2023 Share Option during the year:

	Weighted average exercise price per share HK$	Number of options
At 1 September 2023	—	—
Granted during the year	0.493	190,000,000
Forfeited during the year	0.493	(15,000,000)
At 31 August 2024	**0.493**	**175,000,000**

The fair value of the share options granted under the 2023 Share Option during the year ended 31 August 2024 was RMB44,004,000 (RMB0.2515 each), of which the Group recognised a share option expense of RMB40,999,000 during the year.

31. SHARE OPTION SCHEME *(continued)*

2022 Share Option Scheme *(continued)*

2023 Share Option *(continued)*

The fair value of equity-settled share options granted during the year ended 31 August 2024 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.00%
Expected volatility (%)	64.54%
Expected life	9.17 years
Risk-free interest rate (%)	4.12%
Forfeiture rate	5.56%

The expected life used has been estimated, based on management's best estimates of the vesting period, exercise period and employee's behavioural considerations. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 August 2024, the Company had 230,287,254 share options outstanding under the 2018 Pre-IPO Share Option Scheme and 546,522,822 share options outstanding under the 2022 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 776,810,076 additional ordinary shares of the Company and additional share capital of US$7,768 (equivalent to approximately RMB55,249) and share premium of RMB490,122,105 (before issue expenses).

At the date of approval of these financial statements, the Company had 776,810,076 share options outstanding in total under the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme, which represented approximately 9.44% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 7 of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time when the proposed dividend is to be paid.

Capital reserve

The capital reserve represents the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries.

Statutory surplus reserves

Pursuant to the relevant laws in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) the general reserve of the limited liability companies and (ii) the development fund of schools.

(i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(ii) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund not less than 10% of the audited annual net income of the relevant school, while a non-profit private school is required to appropriate to the development fund not less than 10% of the audited annual increase in non-restricted net assets of the relevant school. The development fund is for the construction or maintenance of the schools or procurement or upgrade of educational equipment.

33. DISPOSAL OF SUBSIDIARIES

(a) On 28 August 2023, the Group entered into a sale and purchase agreement to dispose of its entire interests in Hebi Hongyi Education Consulting Co., Ltd. ("Hebi Hongyi"), which holds a 100% sponsor right in Hebi Automotive engaging in the provision of higher education services (the major operation of the Group), to an independent third party (the "Buyer") for a total consideration of RMB304,000,000, subject to an adjustment of the liabilities of RMB162,166,000 assumed by the third party, which was determined based on the amount audited by an auditor appointed by the Buyer and jointly confirmed by the Buyer and the Group. As at 31 August 2023, the disposal was in progress and Hebi Hongyi and Hebi Automotive were classified as disposal groups held for sale.

The initial consideration amount recognised was RMB135,515,000 which was determined based on the discounted cash flow model using the discount rate of 3.50% as the consideration will be received in six separate instalments. Up to 31 August 2024, the Group received the first instalment of RMB41,961,000.

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) (continued)

The disposal was completed on 4 September 2023. The net assets of Hebi Hongyi and Hebi Automotive at the date of disposal are as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	179,373
Right-of-use assets	40,838
Other intangible assets	1,000
Cash and bank balances	54,231
Trade receivables	770
Prepayments and other receivables	4,417
Other payables and accruals	(169,468)
Contract liabilities	(51,165)
Deferred income	(4,344)
Other long-term payables	(3,130)
Subtotal	52,522
Gain on disposal of subsidiaries	82,993
Total consideration	135,515
Satisfied by:	
Cash	41,961
Other receivables	93,554
Total	135,515

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration	41,961
Cash and bank balances disposed of	(54,231)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(12,270)

(b) On 31 January 2024, the Group entered into an agreement to dispose of its 100% equity interest in Jiangxi Changzhen Industrial Co., Ltd. ("Jiangxi Changzhen") to an independent third party for a total consideration of RMB500,000,000, which in turn indirectly disposed of the 100% ownership interest in Gongqing College of Nanchang University. The disposal was completed on 28 April 2024.

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) (continued)

The total consideration was in the form of cash, with RMB200,000,000 received during the year ended 31 August 2024 and the remaining consideration will be received in three equal instalments. The instalments of RMB100,000,000 will be due for payment on 28 April 2025, 2026 and 2027, respectively. The initial disposal consideration recognised was RMB482,078,000 which was determined based on the discounted cash flow model using the discount rate of 3.14%. The net assets of Jiangxi Changzhen at the date of disposal are as follows:

	RMB'000
Net assets disposed of:	
Investment in a joint venture	575,611
Property, plant and equipment	18
Cash and bank balances	20
Prepayments and other receivables	10
Other payables and accruals	(5,116)
Net assets	570,543
Loss on disposal of a subsidiary	(88,465)
	482,078
Satisfied by:	
Cash	200,000
Other receivables	282,078
Total	482,078

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash received during the year	200,000
Cash and bank balances disposed of	(20)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	199,980

34. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	600,241	971,629
Prepaid land lease payments	37,732	37,732
Acquisition of equity interests	66,781	—
Total	704,754	1,009,361

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

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

Related parties	Relationships
Mr. Wang Huiwu	One of the ultimate jointly controlling parties
Mr. Wang Degen	One of the ultimate jointly controlling parties
Sichuan Tequ Education Management Co., Ltd. ("Tequ Education")	A company jointly controlled by the controlling shareholders
Ziyang Automobile Science and Technology Vocational College ("Ziyang Automobile College")	A school controlled by Tequ Education
Sichuan Rongxing Driving School Co., Ltd. ("Rongxing Driving School")	A company controlled by Tequ Education
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Sichuan Wuyang Construction Project Co., Ltd. ("Wuyang Construction")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Mayflower Senior Technical School ("Chengdu Mayflower Technical")	A school controlled by Tequ Education
Chengdu Wanfengyuan Catering Service Co., Ltd. ("Chengdu Wanfengyuan Catering Service")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Pengyang Enterprise Management Consulting Limited ("Chengdu Pengyang")	A company controlled by Mr. Wang Huiwu
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Sichuan Tequ Mayflower")	A company controlled by Mr. Wang Huiwu

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

(a) Name and relationship *(continued)*

Related parties	Relationships
Gongqing College of Nanchang University	Joint venture of the Group before 28 April 2024
Xian Siyuan Middle School	A school legally owned by the Group
Sichuan Mayflower Construction Project Co., Ltd. ("Sichuan Mayflower Construction")	A company controlled by Mr. Wang Huiwu
Sichuan Top Computer Vocational School	A school controlled by Tequ Education
Sichuan Baolian Liquor Co., Ltd.	A company controlled by a close relative of Mr. Wang Huiwu
Yinchuan Bahan Catering Management Co., Ltd.	A company controlled by Tequ Education
Chengdu Wukuaiwu Catering Management Co., Ltd.	A company jointly controlled by shareholders
Chengdu Wuhou District Jiuyiling Cultural Training School Co., Ltd. ("Jiuyiling Cultural Training School")	A company controlled by Tequ Education
Chengdu Jiuhan Enterprise Management Co., Ltd. ("Chengdu Jiuhan")	A company controlled by Tequ Education
Sichuan Hope Agricultural Science and Technology Expo Park Co., Ltd.	A company controlled by a shareholder
Guizhou Ruoxiang Food and Beverage Service Co., Ltd.	A company controlled by Tequ Education

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

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

(i) Loans provided to related parties:

	2024 RMB'000	2023 RMB'000
Gongqing College of Nanchang University		
Loans provided	—	18,575
Loans received	(13,575)	(19,306)
Interest expense charged	53	778
Interest received	(361)	(640)
Effective interest rate, per annum	6.5%–8%	6.5%–8%

The above loans are unsecured with maturity within one year.

(ii) Loans received from related parties:

	2024 RMB'000	2023 RMB'000
Loan received*	56,000	—
Loan repaid*	(56,514)	(463,777)
Interest expense charged	—	611
Interest paid	—	(9,114)
Effective interest rate, per annum	Nil	Nil–15%

* The Group received loans from and repaid loans to Mr. Wang Huiwu, Sichuan Mayflower Construction, Sichuan Tequ Mayflower and Wuyang Construction during the years ended 31 August 2024 and 2023.

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

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

(iii) Procurement of property, equipment and fixtures

	2024 RMB'000	2023 RMB'000
Wuyang Construction	324,178	78,337
Other related parties	—	156
Total	324,178	78,493

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 local market prices and charging basis for the same services proposed by independent third parties and based on normal and reasonable commercial terms.

(iv) Goods purchased and services received from related parties

	2024 RMB'000	2023 RMB'000
Chengdu Mayflower Property Management	2,047	2,616
Sichuan Hope Agricultural Science and Technology Expo Park Co., Ltd	1,000	—
Sichuan Baolian Liquor Co., Ltd.	—	3,276
Other related parties	1,819	3,802
Total	4,866	9,694

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.

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

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

(v) Properties leased to related parties

	2024 RMB'000	2023 RMB'000
Sichuan Top Computer Vocational School	**1,979**	2,320
Rongxing Driving School	**879**	749
Ziyang Automobile College	**786**	1,994
Yinchuan Bahan Catering Management Co., Ltd.	**—**	2,041
Other related parties	**3,313**	1,868
Total	**6,957**	8,972

Rental charges were determined at prices mutually agreed between the Group and its related parties with reference to the prevailing market price of local properties in vicinity with similar size and quality.

(vi) Goods sold and services provided to related parties

	2024 RMB'000	2023 RMB'000
Gongqing College of Nanchang University	**31,912**	24,107
Chengdu Mayflower Property management	**4,762**	1,350
Chengdu Wukuaiwu Catering Management Co., Ltd.	**4,459**	4,072
Chengdu Jiuhan	**2,956**	987
Guizhou Ruoxiang Food and Beverage Service Co., Ltd.	**1,804**	519
Jiuyiling Cultural Training School	**185**	1,172
Chengdu Wanfengyuan Catering Service	**—**	2,395
Other related parties	**1,197**	1,942
Total	**47,275**	36,544

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.

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

(c) Balances with related parties

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

Amounts due from related parties

		2024 RMB'000	2023 RMB'000
Non-trade in nature — current			
Gongqing College of Nanchang University		—	13,880
Trade in nature — current			
Yinchuan Bahan Catering Management Co., Ltd.		1,109	2,601
Chengdu Mayflower Property Management		858	1,397
Ziyang Automobile College		832	3,493
Sichuan Top Computer Vocational School		46	2,335
Chengdu Wanfengyuan Catering Service		32	32
Chengdu Mayflower Technical		3	1,783
Chengdu Pengyang		—	8,000
Gongqing College of Nanchang University	(i)	11,218	7,366
Guizhou Mayflower Property		—	1,313
Others		1,937	3,199
Total		16,035	45,399

(i) As at 31 August 2024, amounts due from Gongqing College of Nanchang University of RMB5,639,000 were included in "trade receivables" and RMB5,579,000 were included in "prepayments, deposits and other receivables".

Except for the amount due from Gongqing College of Nanchang University of Nil (2023: RMB13,880,000), amounts due from the related parties are unsecured, interest-free and have no fixed terms of repayment.

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

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

Amounts due to related parties

	2024 RMB'000	2023 RMB'000
Non-trade in nature — current		
Mr. Wang Huiwu	—	514
Trade in nature — current		
Wuyang Construction	54,880	70,477
Xian Siyuan Middle School	8,895	4,009
Sichuan Mayflower Construction	1,650	—
Jiuyiling Cultural Training School	—	6,726
Gongqing College of Nanchang University	—	784
Others	1,750	1,063
Subtotal	67,175	83,059
Total	67,175	83,573

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:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,953	3,160
Equity-settled share option expense	4,631	5,043
Pension scheme contributions	205	217
Total	7,789	8,420

Further details of directors' emoluments are included in note 8 to financial statements.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash repayment of loans with its deposits amounting to RMB9,600,000 (2023: RMB7,200,000).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals RMB'000	Lease liabilities RMB'000	Amount due to a related party RMB'000	Total RMB'000
31 August 2024						
At 1 September 2023	3,473,013	2,183,887	132,656	149,826	514	5,939,896
Changes from financing cash flows	(282,576)	—	(35,929)	(38,447)	(514)	(357,466)
Non-cash changes:						
New leases	—	—	—	12,028	—	12,028
Fair value changes of convertible bonds	—	(186,516)	—	—	—	(186,516)
Foreign exchange differences	19,043	(20,707)	—	721	—	(943)
Repayment of loans with its deposits	(9,600)	—	11,349	—	—	1,749
Interest capitalised	—	—	19,927	—	—	19,927
Decrease due to disposal of subsidiaries	—	—	(98,039)	—	—	(98,039)
Interest expense	37,481	—	196,360	9,696	—	243,537
At 31 August 2024	3,237,361	1,976,664	226,324	133,824	—	5,574,173

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities *(continued)*

	Interest-bearing bank and other borrowings RMB'000	Convertible bonds RMB'000	Other payables and accruals RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Total RMB'000
31 August 2023						
At 1 September 2022	4,123,659	1,871,914	208,294	143,503	401,423	6,748,793
Changes from financing cash flows	(720,526)	—	(303,285)	(32,714)	(472,891)	(1,529,416)
Non-cash changes:						
New leases	—	—	—	9,065	—	9,065
Fair value changes of convertible bonds	—	228,654	—	—	—	228,654
Foreign exchange differences	1,253	83,319	—	2,720	17,016	104,308
Increase arising from acquisition of subsidiaries	—	—	—	17,458	54,355	71,813
Lease modification	—	—	—	(187)	—	(187)
Repayment of loans with its deposits	(7,200)	—	(11,587)	—	—	(18,787)
Offsetting with deposits	2,030	—	—	—	—	2,030
Interest capitalised	—	—	22,322	—	—	22,322
Liabilities directly associated with the assets classified as held for sale	—	—	(243)	—	—	(243)
Interest expense	73,797	—	217,155	9,981	611	301,544
At 31 August 2023	3,473,013	2,183,887	132,656	149,826	514	5,939,896

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	29,915	71,769
Within investing activities	26,339	249,256
Within financing activities	38,447	32,714
Total	94,701	353,739

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	2024 RMB'000	2023 RMB'000
Financial assets at amortised cost:		
Cash and cash equivalents	2,549,299	2,827,722
Financial assets included in prepayments, deposits and other receivables	938,602	685,454
Trade receivables	83,683	104,591
Pledged and restricted deposits	551,455	100,008
Amounts due from related parties	4,817	45,399
Total	4,127,856	3,763,174

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	2024 RMB'000	2023 RMB'000
Financial liabilities at fair value through profit or loss:		
Convertible bonds	**1,976,664**	2,183,887
Financial liabilities at amortised cost:		
Trade payables	**57,286**	48,167
Amounts due to related parties	**67,175**	83,573
Interest-bearing bank and other borrowings	**3,237,361**	3,473,013
Lease liabilities	**133,824**	149,826
Liability of a put option granted to a minority shareholder	**352,605**	332,238
Dividend payable	**550**	—
Financial liabilities included in other payables and accruals	**2,848,788**	3,023,756
Total	**6,697,589**	7,110,573

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	**7,520**	7,520	**7,520**	7,520
Other receivables, non-current portion	**237,760**	105,417	**237,760**	105,417
Total	**245,280**	112,937	**245,280**	112,937
Financial liabilities				
Other payables, non-current portion	**457,213**	513,718	**457,213**	513,718
Liability of a put option granted to a minority shareholder	**352,605**	332,238	**352,605**	332,238
Convertible bonds	**1,976,664**	2,183,887	**1,976,664**	2,183,887
Interest-bearing bank loans, non-current portion	**1,182,582**	1,834,662	**1,142,593**	1,891,250
Total	**3,969,064**	4,864,505	**3,929,075**	4,921,093

Management has assessed that the fair values of cash and cash equivalents, trade receivables, the current portion of the pledged and restricted deposits, the current portion of financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in other payables and accruals, trade payables, short-term interest-bearing bank and other borrowings and 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:

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

The Group has estimated the fair value of the non-current portion of pledged and restricted deposits and the non-current portion of financial assets included in prepayments, deposits and other receivables by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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 2024 were assessed to be insignificant.

The fair value of convertible bonds is measured using the binomial model. The model incorporates unobservable inputs including share price volatility and discount rate. Below is a summary of significant unobservable inputs to the valuation of convertible bonds together with a quantitative sensitivity analysis as at 31 August 2024:

	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	48.58% (2023: 63.32%)	5% increase/decrease in multiple would result in increase/decrease in fair value by Nil/Nil
		Discount rate	12.39% (2023: 13.96%)	5% increase/decrease in multiple would result in decrease/increase in fair value by RMB5,551,000/ RMB5,573,000

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

Fair value hierarchy

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

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2024				
Convertible bonds	**—**	**—**	**1,976,664**	**1,976,664**
As at 31 August 2023				
Convertible bonds	—	—	2,183,887	2,183,887

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

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2024				
Pledged and restricted deposits, non-current portion	—	**7,520**	—	**7,520**
Other receivables, non-current potion	—	—	**237,760**	**237,760**
Total	—	**7,520**	**237,760**	**245,280**
As at 31 August 2023				
Pledged and restricted deposits, non-current portion	—	7,520	—	7,520
Other receivables, non-current potion	—	—	105,417	105,417
Total	—	7,520	105,417	112,937

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

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 August 2024				
Interest-bearing bank loans, non-current portion	—	—	**1,142,593**	**1,142,593**
Liability of a put option granted to a minority shareholder	—	—	**352,605**	**352,605**
Other payables, non-current potion	—	—	**457,213**	**457,213**
Total	—	—	**1,952,411**	**1,952,411**
As at 31 August 2023				
Interest-bearing bank loans, non-current portion	—	—	1,891,250	1,891,250
Liability of a put option granted to a minority shareholder	—	—	332,238	332,238
Other payables, non-current potion	—	—	513,718	513,718
Total	—	—	2,737,206	2,737,206

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, convertible bonds, cash and cash equivalents and financial assets included in prepayments, deposits, other receivables. 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, trade payables, other payables and accruals, amounts due from related parties and amounts due to related parties, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's interest-bearing bank and other borrowings. The interest rates and terms of repayments of the borrowings are disclosed in note 27 to financial statements. The Group manages its interest rate exposure arising from its interest-bearing bank and other borrowings through the use of fixed rates.

The Group does not consider that it has any significant exposure to the risk of changes in market interest rates as the Group does not have any long-term receivables and loans which are subject to floating interest rates.

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

Foreign currency risk

The Group had currency exposures from its cash and cash equivalents, interest-bearing bank borrowings and convertible bonds. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and HK$, with all other variables held constant, of the Group's profit after tax.

	Increase/ (decrease) in US$/HK$ rate%	Increase/ (decrease) in profit after tax RMB'000
At 31 August 2024		
If the RMB weakens against US$	**(0.50)**	**(9,883)**
If the RMB strengthens against US$	**0.50**	**9,883**
If the RMB weakens against HK$	**(0.50)**	**70**
If the RMB strengthens against HK$	**0.50**	**(70)**
At 31 August 2023		
If the RMB weakens against US$	(0.5)	(10,584)
If the RMB strengthens against US$	0.5	10,584
If the RMB weakens against HK$	(0.5)	(1,446)
If the RMB strengthens against HK$	0.5	1,446

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. Deposits are mainly placed with licensing banks which are all financial institutions of high credit quality. The Group's maximum exposure to credit risk refers to the carrying amounts of cash and cash equivalents, trade and other receivables and amounts due from related parties.

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

Credit risk *(continued)*

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 2024 and 2023. 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 2024					
Financial assets included in prepayments, deposits and other receivables					
— Normal**	722,843	—	—	—	722,843
— Doubtful**	—	—	469,653	—	469,653
Cash and cash equivalents	2,549,299	—	—	—	2,549,299
Pledged and restricted deposits	551,455	—	—	—	551,455
Trade receivables*	—	—	—	83,683	83,683
Amounts due from related parties	4,817	—	—	—	4,817
Total	3,828,414	—	469,653	83,683	4,381,750

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

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
31 August 2023					
Financial assets included in prepayments, deposits and other receivables					
— Normal**	374,933	—	—	—	374,933
— Doubtful**	—	4,961	486,260	—	491,221
Cash and cash equivalents	2,827,722	—	—	—	2,827,722
Pledged and restricted deposits	100,008	—	—	—	100,008
Trade receivables*	—	—	—	104,591	104,591
Amounts due from related parties	45,399	—	—	—	45,399
Total	3,348,062	4,961	486,260	104,591	3,943,874

* 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 2024 and 2023, substantially all of the bank deposits were deposited with major financial institutions incorporated in the PRC, which management believes that they are of high credit quality without significant credit risk.

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

Credit risk *(continued)*

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

All of the trade receivables, other receivables and amounts due from related parties have no collateral or guarantee, except for the loans and interest receivables from third parties (note 21(a)). The Group assesses the credit quality of the counterparties by taking into account their financial position, credit history of failure to make payments on their contractual due date, the existence of forecast changes in the market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follows up on disputes or amounts overdue, if any. Further quantitative data in respect of the Group's exposure to credit risk arising from these receivables with no collateral or guarantee are disclosed in note 20 and note 21(c) to financial statements.

For loans and interest receivables from the third parties with collaterals (note 21(a)), management is of the opinion that the expected cash flows determined by independent qualified valuers to receive from the sale of collaterals held, discounted at an approximation of the original effective interest rate, are lower than the aggregate amounts of the loans and the interest receivables with collateral. Further quantitative data in respect of the Group's exposure to credit risk arising from these loans and interest receivables are disclosed in note 21(a) to financial statements.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

As at 31 August 2024, there were no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed. As at 31 August 2023, the Group had certain concentrations of credit risk as 8% of the Group's trade receivables were due from the government agencies, within the domestic education segment. The Group has delegated a team responsible for the determination of monitoring procedures to ensure that there will be a follow-up action to recover these trade receivables.

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, convertible bonds and lease liabilities.

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 2024					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Convertible bonds	—	—	—	2,355,638	—	2,355,638
Interest-bearing bank and other borrowings	272,264	871,400	968,514	1,405,358	—	3,517,536
Financial liabilities included in other payables and accruals	1,758,845	204,611	430,976	708,055	222,600	3,325,087
Lease liabilities	—	10,479	28,889	90,867	41,754	171,989
Trade payables	—	26,252	31,034	—	—	57,286
Dividend payable	550	—	—	—	—	550
Amounts due to related parties	67,175	—	—	—	—	67,175
Total	2,098,834	1,112,742	1,459,413	4,559,918	264,354	9,495,261

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

Liquidity risk *(continued)*

	31 August 2023					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Convertible bonds	—	—	2,331,553	—	—	2,331,553
Interest-bearing bank and other borrowings	—	771,535	906,375	2,061,032	—	3,738,942
Financial liabilities included in other payables and accruals	2,965,941	140,664	415,834	327,979	304,800	4,155,218
Lease liabilities	—	8,122	25,554	101,967	36,275	171,918
Trade payables	—	27,625	20,542	—	—	48,167
Amounts due to related parties	83,573	—	—	—	—	83,573
Total	3,049,514	947,946	3,699,858	2,490,978	341,075	10,529,371

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group will minimise the capital expenditure and renew or extend its short-term loans as part of capital management.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 August 2024 and 2023.

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

Capital management *(continued)*

The debt-to-asset ratio as at the end of the year is as follows:

	2024 RMB'000	2023 RMB'000
Total liabilities	13,127,021	13,861,671
Total assets	22,281,511	22,301,405
Debt-to-asset ratio	59%	62%

40. EVENTS AFTER THE REPORTING PERIOD

On 23 September 2024, the Group entered into supplemental agreements with Yunnan International Trust Co., Ltd. ("雲南國際信託有限公司") to rearrange the clause about the pledged deposits requested for the Group's asset-backed notes (note 27 (a)). According to the supplemental agreements, as at each 1 October before the borrowing fully repaid, deposits equivalent to the amounts of the principal and interest to be repaid within the following twelve months from each 1 October will be set aside as security for the repayment. As a result, part of the pledged and restricted deposits as at 31 August 2024 amounting to RMB179,892,000 will be released.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Due from subsidiaries	4,763,324	4,689,311
Investments in subsidiaries	1,242,334	1,266,612
Total non-current assets	6,005,658	5,955,923
CURRENT ASSETS		
Prepayments and other receivables	193	192
Pledged and restricted deposits	13,869	—
Cash and cash equivalents	156	85,301
Due from subsidiaries	1,621,951	2,084,567
Total current assets	1,636,169	2,170,060
CURRENT LIABILITIES		
Other payables and accruals	44,102	38,365
Amounts due to subsidiaries	2,119,635	2,119,077
Interest-bearing bank and other borrowings	—	85,579
Amount due to a related party	—	514
Total current liabilities	2,163,737	2,243,535
NET CURRENT LIABILITIES	(527,568)	(73,475)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	—	473,156
Total non-current liabilities	—	473,156
NET ASSETS	5,478,090	5,409,292
EQUITY		
Issued capital	559	559
Reserves (note)	5,477,531	5,408,733
Total equity	5,478,090	5,409,292

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

Note:

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

	Share premium	Share option reserve	(Accumulated losses)/ retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 September 2022	5,017,040	103,790	(32,536)	5,088,294
Profit and total comprehensive income for the year	—	—	172,598	172,598
Issue of shares upon the exercise of share options				
— 2022 Share Option	114,645	(28,579)	—	86,066
Equity-settled share options				
— 2022 Share Option	—	61,775	—	61,775
At 31 August 2023 and 1 September 2023	5,131,685	136,986	140,062	5,408,733
Profit and total comprehensive income for the year	—	—	27,799	27,799
Equity-settled share options				
— 2023 Share Option	—	40,999	—	40,999
Transfer of share option reserve upon the forfeiture of share options	—	(6,217)	6,217	—
At 31 August 2024	**5,131,685**	**171,768**	**174,078**	**5,477,531**

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 November 2024.

DEFINITIONS

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

"2018 Pre-IPO Share Option Scheme"	The 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on 18 March 2018 for the benefit of, amongst others, our Group's directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers, a summary of the principal terms of which is set out in "Appendix V — Statutory and General Information" of the Prospectus
"Board" or "Board of Directors"	The board of Directors of the Company
"Business Day"	A day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CG Code" or "Corporate Governance Code"	The code on corporate governance practices set out in Appendix C1 to the Listing Rules
"China" or "PRC"	The People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"College of Science and Technology"	Guizhou Qiannan College of Science and Technology* (貴州黔南科技學院)
"Company" or "our Company"	XJ International Holdings Co., Ltd. (希教國際控股有限公司) (formerly known as Hope Education Group Co., Ltd. (希望教育集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
"Director(s)"	The directors of our Company
"Group," "our Group," "We" or "Us"	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HK$" or "Hong Kong Dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS Accounting Standards"	The International Financial Reporting Standard(s)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates

"Listing"	The listing of the Company's Shares on the Main Board
"Listing Date"	3 August 2018, the date on which the Company's Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A"	Mergers and acquisitions
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MOE"	Ministry of Education of the PRC
"Prospectus"	The prospectus published by the Company on 24 July 2018
"Reporting Period"	The year ended 31 August 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	Ordinary share(s) of a nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	Holder(s) of the Share(s)
"Sichuan Hope College"	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
"Sichuan Hope Education"	Sichuan Hope Education Industry Group Limited* (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司), Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on 12 January 2005
"State"	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"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 XJ International and is indirectly controlled by Mr. Wang Huiwu
"U.S." or "United States"	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"%"	Percent