



中國教育集團控股有限公司

CHINA EDUCATION GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 839

To **Pioneer** Excellence and
Innovation **In Education**



ANNUAL REPORT

2023/2024



Our Mission

Preparing students for success through
Excellence and Innovation in Education



CHINA EDUCATION GROUP HOLDINGS LIMITED
ANNUAL REPORT 2023/2024

Contents

Corporate Information	2
Co-Chairmen's Statement	5
Management Discussion and Analysis	11
Environmental, Social and Governance Report	21
Corporate Governance Report	87
Directors and Senior Management	99
Report of the Directors	108
Independent Auditor's Report	142
Consolidated Statement of Profit or Loss and Other Comprehensive Income	147
Consolidated Statement of Financial Position	148
Consolidated Statement of Changes in Equity	150
Consolidated Statement of Cash Flows	152
Notes to the Consolidated Financial Statements	154
Financial Summary	239
Glossary	241

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yu Kai
(Co-chairman and Chief Executive Officer)
Mr. Wang Rui *(Co-chairman)*

Independent Non-Executive Directors

Dr. Gerard A. Postiglione
Dr. Rui Meng
Dr. Wu Kin Bing

AUDIT COMMITTEE

Dr. Rui Meng *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

REMUNERATION COMMITTEE

Dr. Gerard A. Postiglione *(Chairman)*
Dr. Yu Kai
Dr. Rui Meng

NOMINATION COMMITTEE

Dr. Yu Kai *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

COMPANY SECRETARY

Mr. Chan Yuen Fung

AUTHORISED REPRESENTATIVES

Dr. Yu Kai
Mr. Chan Yuen Fung

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

Unit 1202, 12/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Corporate Information

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

COMPANY WEBSITE

www.chinaeducation.hk

STOCK CODE

839



To **Pioneer** Excellence and
Innovation **In Education**

Co-Chairmen's Statement



Library Zhaoqing School

2023/24 REVIEW AND POLICY BACKDROP

The National Education Work Conference held in January 2024 clearly stated that the goal of construction of a powerful country in terms of education by 2035 remained unchanged, and put forward the requirements of deepening the integration between industry and education, and promoting the integration of "four chains" (education chain, innovation chain, industry chain and talent chain). The Group adhered to high quality education and internal development, continued to increase investments in hardware and software, optimized the setting of disciplines and specialties, innovated the international education model, and strived to build regional practice centers integrating industry and education to enhance teachers' capabilities and promote high-quality employment of college graduates through multiple channels. While improving the level of education and teaching, the Group achieved steady growth in its operating results.

1. STABLE INCREASE IN HIGHER EDUCATION STUDENT ENROLLMENT

During 2023/24, the scale of higher education in China continued to grow. A total of 13.42 million students participated in the 2024 college entrance examination, a year-on-year increase of 510,000, marking the seventh consecutive year of growth. The gross enrollment rate of higher education in China reached 60.2% in 2023, representing a year-on-year increase of 0.6 percentage points, nearing the target of 65% outlined in "China's Education Modernization 2035" (《中國教育現代化2035》). To meet the growing demand for higher education in China, the Group's member schools attracted students nationwide by offering high-quality, career-oriented programs and superior campus environments, resulting in a stable increase in student enrollment. As of August 2024, the Group had approximately 270,000 full-time students, a 9% year-on-year

Co-Chairmen's Statement

increase, including 224,000 higher education students (up 12.5% year-on-year). The number of new full-time students in the member schools of the Group in the PRC for the 2024/25 academic year stood at approximately 97,000, among which, the number of new higher education students was approximately 84,000. As at October 2024, the number of full-time students enrolled by the Group for the 2024/25 academic year recorded a year-on-year increase of approximately 5.2%, among which, the number of higher education students recorded a year-on-year increase of approximately 9.5%.

2. HIGH-QUALITY EDUCATION LAYS THE FOUNDATION FOR NEW TALENT DEVELOPMENT

By focusing on the national strategic requirements, and driven by the scientific and technological revolution and industrial transformation, the Group proactively adjusted the setting of disciplines and specialties, promoted the deep integration of the education chain, innovation chain, talent chain and industry chain, and cultivated skilled talents adaptive to new industries and new businesses. During 2023/24, the member schools of the Group provided, at the higher vocational education level, an aggregate of 384 application-oriented undergraduate majors, an increase of 12 year-on-year; and 206 junior college majors, an increase of 24 year-on-year. In addition, the member schools of the Group had 3 national first-class undergraduate programmes, 102 provincial first-class

undergraduate programmes and 34 provincial first-class undergraduate majors. In terms of scientific research, the member schools of the Group proactively applied for national scientific research projects, and were granted an aggregate of 5 new engineering/art-based research and practice projects, 10 projects of the national Natural Science Foundation (自然科學基金), 4 projects of the national Social Science Foundation (社會科學基金) and 17 humanities and social sciences projects of the Ministry of Education. In addition, Sichuan School was approved as the "Master's Degree Project Construction Unit in Sichuan Province" (四川省碩士學位授予立項建設單位), becoming the third colleges within the Group to obtain master's degree project construction qualification.

3. ENHANCING STUDENTS' INNOVATION AND PRACTICAL SKILLS

During the reporting period, the member schools of the Group achieved remarkable results in the cultivation of students' innovative and practical capabilities. The teachers and students have achieved remarkable results in various national and international competitions. For example, Jiangxi School won the first prize in the 18th "Challenge Cup" National After-school Academic Science and Technology Competition for College Students (第十八屆「挑戰杯」大學生課外學術科技作品競賽), Guangzhou School won three championships in the 16th Chinese College Students Dragon Dance and Lion Dance Championships (第16屆中國大學生舞龍舞獅錦標賽), Zhaoqing School in Guangdong Province won three first prizes in the 2024

Co-Chairmen's Statement

National Enterprise Competition Simulation Competition (2024年全國企業競爭模擬大賽), Sichuan School won the grand prize in the 18th "Challenge Cup" National After-school Academic Science and Technology Competition for College Students, and Chongqing School won the first prize in the National College Foreign Language Course and Ideological Teaching Case Competition (全國高校外語課程思政教學案例大賽).

4. EXPANDING IN KEY REGIONS TO PROVIDE HIGH-QUALITY VOCATIONAL EDUCATION

The Group continued to increase its investment in key national economic areas, such as the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Twin Cities Economic Circle, Bohai Rim Economic Circle and Hainan Free Trade Zone, to cultivate application-oriented talents meeting the needs of industries in the new era. During the reporting period, the Group's expansion projects in Guangdong Province and Shandong Province progressed smoothly, phase III of the new campus of Zhaoqing School was partially put into use, and phase I of the new campus of Shandong School was put into formal use in September 2024. With new construction and expansion, the Group had additional capacity of nearly 40,000 students during the reporting period, and the number of campuses increased from 22 to 23.

5. LEVERAGING ARTIFICIAL INTELLIGENCE AND DIGITALIZATION

The Group proactively responded to the call of the state to promote the digitalization of education, and launched a special project of "smart campus" to promote the deep integration of digital technology with teaching, scientific research and management. During the reporting period, the Group comprehensively improved the efficiency of campus management and the level of services through a series of innovative initiatives. New teaching scenarios such as smart classrooms and virtual simulation laboratories were widely applied by the member schools of the Group to further enhance teaching effects and learning experience.

6. PROMOTING HIGH-QUALITY EMPLOYMENT THROUGH INDUSTRY-EDUCATION INTEGRATION

For quality improvement of personnel training, our schools have proactively conducted cooperation with industry. During the reporting period, the Group newly established 13 industrial colleges, with 61 industrial colleges established on an accumulative basis, including Huawei ICT Academy, Modern Digital Intelligence Financial and Industrial College (現代數智財經產業學院) and Baidu Institute of Artificial Intelligence and Large Model Industry (百度人工智能與大模型產業學院), etc. By virtue of the cooperative

Co-Chairmen's Statement

ecosystem of industry-education integration, the Group has promoted high-quality employment of graduates. In 2023/24, the Group established cooperation relationship with 3,980 enterprises, with its member schools delivering about 75,000 application-oriented talents to the society.

7. EXPANDING INTERNATIONAL EDUCATION TO ENHANCE GLOBAL COMPETITIVENESS

Relying on the global platform, the Group has allocated more resources to international education, in order to promote deep cooperation between schools at home and reputable overseas universities. As of October 2024, the member schools of the Group in the PRC have passed the assessment of The Quality Assurance Agency of the United Kingdom for Higher Education (英國高等教育質量保證署) in an accumulation of seven majors, with the number of new students from international education programmes recording a year-on-year increase of over 100%. In addition, the Group has carried out international cooperation with more than 200 colleges from more than 40 countries globally and launched a variety of joint cultivation plans, further expanding the path for international development.

8. ADVANCING INTERNAL TALENT DEVELOPMENT TO COMPREHENSIVELY ENHANCE PROFESSIONAL COMPETENCE

The Group attaches great importance to talent cultivation internally. Through its training platform, the Group provided trainings for its member schools in 7 major series covering education and teaching, financial management and information technology. During the reporting period, the Group also organized exchanges for teaching skills, which have fostered the sharing of resources and innovation in teaching among its member schools. During the reporting period, the Group was awarded "China Best Managed Companies" (中國卓越管理公司) by Deloitte for six consecutive years, and is the only selected academic education enterprise.

9. STEADY IMPROVEMENT IN OPERATING RESULTS ENSURING SUSTAINABLE DEVELOPMENT

In the financial year of 2023/24, the Group grew steadily in financial performance, with operating profit increasing by 14.2% year-on-year to RMB2,846 million, and adjusted net profit attributable to owners of the Company increasing by 3.3% year-on-year to RMB1,971 million. The adjusted EBITDA increased by 12.3% year-on-year to RMB3,774 million. The primary adjustment concerns a one-off non-cash

Co-Chairmen's Statement

impairment of three cash generating units. Despite positive returns generated by these three cash generating units during the reporting period, with two achieving record revenue, pricing guidance, intensified competition, and regional policy changes have led to a downward revision of their projected growth rates. At the same time, the Group continued to increase investments in education and teaching in its member schools by expanding campus and optimizing infrastructure, in order to ensure sustainable development in the future.

10. OUTLOOK

Looking ahead, the Group will continue pursuing high-quality development, deepening industry-education integration, and innovating in international education to cultivate skilled talents. We remain committed to contributing to the national strategy of building a strong education and talent base.

Yu Kai Wang Rui
Co-Chairmen

Hong Kong, 26 November 2024

In FY2023/24,
we offered:

176

VOCATIONAL
EDUCATION
PROGRAMMES

190

CONTINUING
EDUCATION
PROGRAMMES

16

MASTER'S
PROGRAMMES

384

BACHELOR'S
DEGREE
PROGRAMMES

206

JUNIOR COLLEGE
DIPLOMA
PROGRAMMES



Management Discussion and Analysis



Effect image of the sports park of the new campus of Shandong School

The Co-Chairmen's Statement on pages 5 to 9 of this annual report constitutes part of this Management Discussion and Analysis.

BUSINESS OVERVIEW

The Group is a leading provider of vocational education services. The Group is committed to developing more high-quality skilled professionals and enhancing the core competencies of vocational schools by cultivating a "dual-qualified" teaching workforce, establishing open regional academia-industry practice centers, expanding student development pathways, and innovating international exchange and cooperation mechanisms. The Group's education management system has received ISO-9001 certification, and Deloitte has named the Group one of China's "Best Managed Companies" for six consecutive years. The Group operates in China, Australia, and the United Kingdom and has been listed on the main board of the Hong Kong Stock Exchange since 2017. The World Bank Group has designated the Group as an "inclusive business" due to its successful promotion of social equity.

Full Redemption of Convertible Bonds

During the year ended 31 August 2024, the Company has redeemed the outstanding Convertible Bonds in whole pursuant to the respective terms and conditions of the Convertible Bonds on the maturity date (the "Full Redemption").

The Company would like to express appreciation for the investors of the Convertible Bonds. With the support of the Convertible Bonds, the Company has achieved rapid business expansion, successfully growing its revenue by more than 300% since the issue of the Convertible Bonds in 2019.

The Company believes that there will be no material impact on the financial position of the Group as a result of the Full Redemption. Further details of the Full Redemption are set out in the announcement of the Company dated 28 March 2024.

Management Discussion and Analysis

FINANCIAL REVIEW

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

	Years ended 31 August		
	2024 RMB million	2023 RMB million	Change (Percentage)
Revenue	6,579	5,616	+17.1%
Cost of revenue	(2,935)	(2,452)	+19.7%
Gross profit	3,644	3,164	+15.2%
Other income	357	286	+24.8%
Selling expenses	(190)	(182)	+4.4%
Administrative expenses	(965)	(775)	+24.5%
Operating profit	2,846	2,493	+14.2%
Investment income	101	77	+31.2%
Other gains and losses	(1,975)	(540)	+265.7%
Finance costs	(472)	(469)	+0.6%
Profit before taxation	500	1,561	-68.0%
Taxation	2	(20)	Not Applicable
Net profit	502	1,541	-67.4%
Net profit attributable to owners of the Company	418	1,380	-69.7%
Adjusted net profit attributable to owners of the Company	1,971	1,908	+3.3%

Non-IFRS Measures

To supplement the consolidated financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRS"), the Company also uses adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") as additional financial measures.

The Company presents these financial measures because they are used by the management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider indicative of the performance of the Group's business. The Company believes that the non-IFRS measures presented provide additional information to the Company's management and investors to better understand and evaluate the Group's consolidated operational performance. These measures assist both

management and investors in comparing financial results across periods and with peer companies. However, the presentation of these non-IFRS measures have limitations as analytical tools because they exclude certain items that impact the Group's financial results. Therefore, when assessing the Group's financial and operational performance, non-IFRS measures should not be considered in isolation or as substitutes for profit for the period or any other performance measure calculated in accordance with IFRS. Furthermore, because other companies may calculate non-IFRS measures differently, they may not be directly comparable to similarly titled measures used by other companies.

Management Discussion and Analysis

The calculations of adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted EBITDA are as follows:

Calculation of Adjusted Net Profit

		Years ended 31 August	
		2024	2023
		RMB million	RMB million
Net profit		502	1,541
Adjustments for:	Foreign exchange gain/loss	(26)	66
	Share-based payments ⁽ⁱ⁾	-	17
	Expenses related to converting independent colleges into private universities ⁽ⁱⁱ⁾	9	19
	Fair value change on construction cost payables for school premises ⁽ⁱⁱⁱ⁾	39	39
	Non-cash impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax ^(iv)	1,718	395
Adjusted net profit		2,242	2,077

Calculation of Adjusted Net Profit Attributable to Owners of the Company

		Years ended 31 August	
		2024	2023
		RMB million	RMB million
Net profit attributable to owners of the Company		418	1,380
Adjustments for:	Foreign exchange gain/loss	(26)	66
	Share-based payments ⁽ⁱ⁾	-	17
	Expenses related to converting independent colleges into private universities ⁽ⁱⁱ⁾	9	19
	Fair value change on construction cost payables for school premises ⁽ⁱⁱⁱ⁾	23	31
	Non-cash impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax ^(iv)	1,547	395
Adjusted net profit attributable to owners of the Company		1,971	1,908

Management Discussion and Analysis

Calculation of Adjusted EBITDA

		Years ended 31 August	
		2024	2023
		RMB million	RMB million
Profit for the year		502	1,541
Add:	Finance costs	472	469
	Taxation	(2)	20
	Depreciation of property, plant and equipment	793	662
	Depreciation of right-of-use assets	76	65
	Amortisation of intangible assets	-	5
EBITDA		1,841	2,762
Adjustments for:	Foreign exchange gain/loss	(26)	66
	Share-based payments ⁽ⁱ⁾	-	17
	Expenses related to converting independent colleges into private universities ⁽ⁱⁱ⁾	9	19
	Fair value change on construction cost payables for school premises ⁽ⁱⁱⁱ⁾	39	39
	Non-cash impairment loss recognised in respect of goodwill and intangible assets ^(iv)	1,911	458
Adjusted EBITDA		3,774	3,361

Notes:

- i. Non-cash share-based payments recognised for share options granted to directors and employees of the Group, which did not result in cash outflow.
- ii. The Group's independent colleges pay partnership fees to their public school co-sponsors. All independent colleges of our Group have been converted into private universities during the year ended 31 August 2021. The partnership fees recognised during the current period will cease to exist after all students enrolled by the independent college are graduated.

- iii. Non-cash fair value change on long-term construction cost payables for school premises, which are measured at fair value through profit or loss, which did not result in cash outflow.
- iv. This item did not generate any cash outflows. Our management believes that the non-cash impairment item and related deferred tax do not impact our operations. Please refer to the paragraphs below headed "Other Gains and Losses" for the details of impairment loss recognised in respect of goodwill and intangible assets.

Management Discussion and Analysis

Revenue

The Group's revenue reached RMB6,579 million for the year ended 31 August 2024, increase 17.1% as compared to RMB5,616 million for the year ended 31 August 2023.

Domestic Market Segment

Revenue from domestic market segment increased from RMB5,396 million for the year ended 31 August 2023 to RMB6,335 million for the year ended 31 August 2024, representing a 17.4% increase. The significant increase in revenue was mainly driven by the growth in student enrollment and revenue per student of domestic market.

International Market Segment

Revenue from international market segment amounted to RMB244 million for the year ended 31 August 2024, up 10.9% as compared to the RMB220 million generated in the year ended 31 August 2023.

Cost of Revenue

The cost of revenue increased from RMB2,452 million for the year ended 31 August 2023 to RMB2,935 million for the year ended 31 August 2024, representing a 19.7% increase. The increase was mainly due to the growth of student number. Furthermore, with the expansion of the campus and the increase in curriculum, the investment in teachers and teaching were increased.

Gross Profit

The Group's gross profit was RMB3,644 million for the year ended 31 August 2024, increase 15.2% as compared to RMB3,164 million for the year ended 31 August 2023.

Other Income

Other income mainly included income from on-campus management and service to vendors and government grants. The income from on-campus management and service to vendors and government grants were RMB132 million and RMB74 million, respectively, for the year ended 31 August 2024 as compared to RMB100 million and RMB58 million, respectively, for the year ended 31 August 2023.

Selling Expenses

The Group's selling expenses were RMB190 million for the year ended 31 August 2024 as compared to RMB182 million for the year ended 31 August 2023. The selling expenses represented about 2.9% of revenue for year ended 31 August 2024 and was decreased as compared to that of 3.2% for the year ended 31 August 2023.

Administrative Expenses

The Group's administrative expenses were RMB965 million for the year ended 31 August 2024 as compared to RMB775 million for the year ended 31 August 2023. The increase was mainly attributable to the increase of student enrollment and the new campuses and buildings commencing to use and starting to recognise depreciation.

Operating Profit

The operating profit amounted to RMB2,846 million for the year ended 31 August 2024, increased by 14.2% as compared to RMB2,493 million for the year ended 31 August 2023.

Other Gains and Losses

The other gains and losses were recorded at net losses of RMB1,975 million for the year ended 31 August 2024 which was mainly attributable to the impairment loss recognised in respect of goodwill and intangible assets of RMB1,911 million. The impairment of intangible assets led to the derecognition of the relevant deferred tax liabilities, with the amount of derecognition being RMB193 million, which was credited to profit or loss and included in "taxation". The impairment loss, net of deferred tax, amounted to RMB1,718 million.

Management Discussion and Analysis

During the year ended 31 August 2024, while the revenue of the Group has grown consistently and significantly year-over-year, the Company estimated the value in use of three cash generating units ("CGU") — CGU E, CGU H and CGU J, and concluded that the carrying amounts of the relevant assets of these CGUs were impaired to their recoverable amounts as at 31 August 2024. CGU E, CGU H and CGU J are engaged in providing education services in Sichuan Province, Shaanxi Province, both in the PRC, and in Australia, respectively. The impairments for CGU E, CGU H and CGU J amounted to RMB1,159 million, RMB561 million and RMB191 million, respectively. The total impairments loss of RMB1,911 million and total impairment loss, net of deferred tax, of RMB1,718 million represented approximately 4.9% and 4.4%, respectively, of the Group's total assets as at 31 August 2024.

An independent valuer was engaged to perform the impairment analysis. The recoverable amounts were determined based on value in use calculations in accordance with applicable accounting policies, as no comparable market transactions were identified to reliably estimate fair value less costs of disposal. In measuring value in use, an entity mainly bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. There was no subsequent change in valuation method adopted since these CGUs were acquired by the Group.

The value in use calculation was based on estimating future cash flows expected to arise from the CGUs and applying specific discount rates to calculate the present value. The cash flows beyond the five-year period are extrapolated using steady growth rates, which are based on industry growth forecasts and do not exceed the average long-term growth rate for the industry. The compound annual growth rates of revenue reflect the combined effects of growth in student enrolments and tuition fees. Other key assumptions include growth rates of costs of revenue, which are based on historical performance and management's market expectations. Further details on each CGU are provided below.

CGU E

As at 31 August 2024, the discount rate applied was 12.5% (2023: 12.5%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2023: 2%). The compound annual growth rates of revenue in the next five years were 5.4% as at 31 August 2024 (2023: 14.0%). There were no material changes in the value of inputs or key assumptions adopted in the valuation, except for the downward revision of revenue in the forecast period. This adjustment reflects the regional pricing guidance for the 2024/25 academic year, issued by the relevant regional authority in the second half of the year. During the year ended 31 August 2024, management of the Group noticed the implementation of a cap on new student tuition fees in the region, in which the school of CGU E is located effective from Autumn 2024. According to the regulation issued by the relevant regional authority in 2020, the tuition fees for private colleges and universities in the region where the school of the Group's CGU E located are market-regulated, with the specific charging standards determined autonomously by the schools based on a comprehensive consideration of factors such as educational costs, market demand, local economic conditions, and the affordability of the population. The new cap released by the regional authority during the year and to be implemented for the 2024/25 academic year immediately was not previously anticipated by the management of the Group until it was released. This limitation is expected to constrain the growth of tuition fee levels, which is much lower than previously expected by the management of the Group, for the foreseeable future, directly impacting the revenue of this CGU. Consequently, the Company revised its revenue projections downward for the forecast period.

CGU H

As at 31 August 2024, the discount rates applied was 16.9% (2023: 17.1%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2023: 2%). The compound annual growth rates of revenue in the next five years were 4.6% as at 31 August 2024 (2023: 15.3%). There were no material changes in the value of inputs or key assumptions adopted in the

Management Discussion and Analysis

valuation, except for the downward revision of revenue in the forecast period. This adjustment reflects increased market competition among comparable schools in the region in which the school of CGU H located and shifts in customer preferences gradually. During the year ended 31 August 2024, management of the Group noted that the combined effects of these unfavorable factors had started to negatively impact the enrolments of new students for Autumn 2024 for CGU H. During the student recruitment process for Autumn 2024, management of the Group observed that prospective students are showing increased interests in alternative categories of institutions, such as public school, which offer programmes comparable to those provided by the school of CGU H. The management of the Group anticipates that the disappointing intakes of new students for Autumn 2024 will ineluctably to continue to affect new student recruitments of the school of CGU H in the foreseeable future. Consequently, the Company revised its revenue projections downward for the forecast period.

CGU J

As at 31 August 2024, the discount rates applied was 22.7% (2023: 20.5%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2.5% as at 31 August 2024 (2023: 3%). The compound annual growth rates of revenue in the next five years were 3.8% as at 31 August 2024 (2023: 16.4%). There were no material changes in the value of inputs or key assumptions adopted in the valuation, except for the downward revision of revenue in the forecast period. This adjustment is attributable to potential changes in migration policies aimed at limiting the number of international students entering the country per year where the CGU J operates to a tentative figure reported to be of 270,000 based on the best knowledge of the management of the Group. There were no such limitation previously. The bill regarding the aforementioned policy changes was proposed in the second half of the year and is expected to be implemented in 2025 according to the government. During the year ended 31 August 2024, management of the Group considers that the identifications of these potential policy changes and the potential subsequent implementations, will likely to negatively impact new student enrolments in the upcoming

academic years as the school of CGU J predominantly serves international students. Consequently, the Company revised its revenue projections downward for the forecast period.

Taking into account the above reasons for each CGU, the Company has reduced the compound annual growth rates of revenue of these CGUs for the impairment analysis, resulting in the recognition of the impairment losses on goodwill and intangible assets.

Finance Costs

The finance costs were increased slightly from RMB469 million for the year ended 31 August 2023 to RMB472 million for the year ended 31 August 2024. For the year ended 31 August 2024, the finance costs mainly represented i) the interest expenses on bank and other borrowings and bonds of RMB553 million (2023: RMB529 million) and ii) deduction of interest expenses capitalised in the cost of property, plant and equipment of RMB90 million (2023: RMB67 million).

Net Profit and Return on Equity

The adjusted net profit was increased by 7.9% to RMB2,242 million for the year ended 31 August 2024 from RMB2,077 million for the year ended 31 August 2023, after adjusting for the foreign exchange gain/loss, share-based payments, expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax. The adjusted net profit attributable to owners of the Company was increased by 3.3% to RMB1,971 million for the year ended 31 August 2024. The Group's net profit was RMB502 million for the year ended 31 August 2024 as compared to RMB1,541 million for the year ended 31 August 2023.

The adjusted return on equity (which is calculated on the basis of adjusted net profit attributable to owners of the Company to the average of the beginning and ending balance of equity attributable to owners of the Company) of the Group was 12.5% for the year ended 31 August 2024 and remained sound and fair.

Management Discussion and Analysis

EBITDA

Adjusting for the foreign exchange gain/loss, share-based payments, expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intangible assets, the adjusted EBITDA was increased by 12.3% from RMB3,361 million for the year ended 31 August 2023 to RMB3,774 million for the year ended 31 August 2024. EBITDA was RMB1,841 million for the year ended 31 August 2024 as compared to RMB2,762 million for the year ended 31 August 2023.

Property, Plant and Equipment

Property, plant and equipment as at 31 August 2024 increased by 22.9% to RMB21,706 million from RMB17,668 million as at 31 August 2023. Increase in property, plant and equipment was mainly due to the construction of new buildings of existing campuses and the expansion capacity in Shandong Province and Guangdong Province.

Capital Expenditures

Our capital expenditures for the year ended 31 August 2024 were RMB4,857 million (2023: RMB2,637 million) and were primarily related to the construction of new buildings of existing campuses and the expansion capacity in Shandong Province and Guangdong Province.

Cash Reserve

Including cash and cash equivalents, restricted bank deposits and structured deposits and money market funds recognised in financial assets at fair value through profit or loss, the cash reserve amounted to RMB6,626 million as at 31 August 2024 (2023: RMB5,802 million).

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2024, the Group had bank and other borrowings and bonds and convertible bonds of RMB10,237 million (2023: RMB8,606 million).

As at 31 August 2024, the net gearing ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds, net of cash reserve, to total equity of the Group) was 19.5% (2023: 15.3%). As at 31 August 2024, the debt to asset ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds to total assets) of 26.4% (2023: 24.1%). Certain bank and other borrowings and proceeds from placement and bonds issue were not yet fully utilised. In order to have a better use of our financial resources, the Group placed certain structured deposits and money market funds during the year ended 31 August 2024. The structured deposits and money market funds were short-term liquidity management products with minimal risk exposure and the Group held these investments for short-term cash management purpose.

Treasury Policy

During the year ended 31 August 2024, the Group has adopted a prudent treasury policy and maintained a robust liquidity structure. In the management of the liquidity risk, the Group monitors and maintains appropriate levels of financial resources to meet its funding needs.

Foreign Exchange Risk Management

The primary functional currency of the Group is RMB. For the Group's operation in the PRC, the major revenue and expenditures are denominated in RMB. For the Group's operations outside the PRC, the major revenue and expenditures are denominated in functional currencies of the relevant territories. The Group also has certain foreign currency bank balances, structured deposits and bank and other borrowings denominated in US Dollars, Hong Kong Dollars and Australian Dollars, which would expose the Group to foreign exchange risk. After assessing the cost and benefit, the Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Management Discussion and Analysis

Contingent Liabilities

As at 31 August 2024, the Group had no significant contingent liability.

Charges on the Group's Assets

As at 31 August 2024, the bank and other borrowings of the Group amounting to RMB7,440 million (2023: RMB6,138 million) were secured by tolling right of tuition fee, boarding fee and ancillary income, deposits, fixed assets under sale and leaseback arrangements and equity interest of certain subsidiaries of the Group.



The Group is fully committed
to **Safeguard the Environment,**
be **Socially Responsible** and
maintain a **Stringent and Impartial**
Corporate Governance in its daily operation

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Reporting Guidelines

Our Group is not only a paragon of private vocational education in China but also an exemplar of staunch guardian of Environmental, Social and Governance (“ESG”) practice. We are fully committed to safeguard the environment, be socially responsible and maintain a stringent and impartial corporate governance in our daily operation.

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix C2 of the Listing Rules, aims to provide the environmental and social performance of China Education Group Holdings Limited for the year ended 31 August 2024.

1.2 Reporting Principles

This report is solely prepared by the Company. The Board and senior management, to their best knowledge, have monitored and guarantee the completeness, reliability, authenticity and objectivity of the information included in this report, and update the ESG disclosure practice based on the changing standards and the Company’s business operation. We also hope to strengthen our communication with the stakeholders and increase the transparency of the Company through the publication of this report, to achieve economic, social and environmentally sustainable development. This report is available in both English and Chinese. However for any discrepancies, the Chinese version will prevail.

We have applied the following reporting principles in preparing the ESG report:

- (1) **Materiality:** In identifying and assessing the ESG issues that have a material impact on the ESG report, we have performed substantial assessments and researches by ways of, among others, directly communicating with relevant stakeholders and viewing historical documents and images, and, in line with the Group’s mission and vision as well as the core items of the ESG report, we have submitted such assessments and researches to the Board through the task force. The Board then makes selections based on timeliness, accuracy and reliability and assigns relevant personnel to prepare such assessment and research reports.
- (2) **Quantitative:** The data and information used in this report are derived from our internal sources (such as questionnaires, records, statistics and inhouse researches) and external data (such as estimations and measurements provided by independent third-party professionals engaged by the Company). The Group’s energy consumption is calculated mainly with reference to the conversion factor in the General Principles of Comprehensive Energy Consumption Calculation (GB/T 2589-2008), the national standard of the PRC. The Group’s greenhouse gas emissions are calculated mainly with reference to the 2017 Baseline Emission Factors for Regional Power Grids in China published by the Ministry of Ecology and Environment and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC). The Group’s major source of non-hazardous wastes is office wastes, while domestic wastes are handled in a centralized manner by the environmental and health department of the development zone and yet to be measured separately. We have performed estimation in accordance with the First National Pollutant Source Census Manual of Urban Living Source Discharge Coefficients issued by the State Council.

Environmental, Social and Governance Report

We have established an organizational system and management system in terms of social responsibility and environmental protection based on our own business characteristics so as to enhance the Company's overall ESG management and specify the ESG duties of various departments in our member schools. We actively strengthen our ESG performance by consistently reviewing and improving our systems. We endeavor to promote the culture of environmental protection and social responsibility so as to facilitate the incorporation of the ESG concept into the corporate operation and promote the sustainable development of the Company. For the next step, we will make proactive improvement in our social factors by providing more systematic training systems for our staff to encourage them to improve their overall capacity in the development process and to demonstrate their own value.

- (3) Balance: Our ESG report provides an objective, unbiased picture of the issuer's performance. The report avoids selections, omissions or presentation formats that might inappropriately influence a decision of or judgment by the report reader.
- (4) Consistency: Since its first ESG report issued in 2018, The Group has been and will continue using consistent methodologies to allow for meaningful comparisons of ESG data over time.

1.3 Reporting Scope and Reporting Period

The reporting scope is aligned with the accounting consolidation basis, that is, only the consolidated affiliated entities are included in the report. Unless otherwise stated, the reporting scope of this report covers the Group's 15 major consolidated affiliated entities (for the year ended 31 August 2023: 15), namely the two corporate head offices, 12 schools in the PRC and one school in Australia.

Unless otherwise stated, the reporting period of this report is from 1 September 2023 to 31 August 2024, which is tantamount to the reporting period covered in the Annual Report 2023/2024.

1.4 ESG Governance

ESG matters and reporting are jointly responsible by the Group's Legal Department and the Groups' Administration Department and overseen by the Board. The Board periodically conducts ESG assessment by identifying potential impacts, risks, and opportunities posed to the operation, reviews senior management and functional departments' competence in executing ESG responsibilities, and initiates internal auditing providing high-quality assurance on ESG reporting.

In order to identify, assess and manage ESG issues that have a material impact on the ESG report, we have introduced the board participation mechanism to specify ESG management objectives and determine ESG management risks so as to achieve standardized and normalized board participation of ESG governance with proper procedures.

The Group has established an ESG task force comprising core members of the Group's various departments to collect information, fill in and report data through, among others, questionnaires, interviews, researches and studies as well as being responsible for preparing the ESG report. The task force will regularly report to and assist the Board to identify and assess the Group's ESG risks and the effectiveness of the internal control mechanism. The task force will also examine and assess our performance in various aspects within the ESG scope such as environmental and labour standards. The Board will in turn set the overall direction of the Group's ESG strategy, guide the consistent improvement in ESG management efforts by benchmarking against the ESG data within the industry and segmenting objectives and ensure the effectiveness of the ESG risk control and the internal control mechanism.

Environmental, Social and Governance Report

1.5 Stakeholder Engagement

In order to achieve completeness and to report the most significant aspects for the Group in this report, we have engaged the key stakeholders, including but not limited to government authorities, non-governmental institutions and organizations, shareholders, students, employees and suppliers, in discussion sessions to discuss and to review areas of attention which will help the Company to meet its potential growth and be prepared for future challenges.

1.6 Information and Feedback

We welcome stakeholders' feedback on our ESG approach and performance. Please provide us with your views or suggestions via email to sprg_chinaeducation@sprg.com.hk.

2. PARTNERING WITH INTERNATIONAL FINANCE CORPORATION (IFC) IN ESG COMPLIANCE AND PROMOTION

2.1 Inclusive Business

IFC has identified the Group as having an inclusive business model due to its reach to underserved students. Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis to people at the base of the pyramid. G20 leaders have highlighted the important role of inclusive businesses in the implementation of the United Nations' Sustainable Development Goals. Inclusive businesses re-define business-as-usual to help eradicate poverty and boost shared prosperity. The Group is proud of being identified as an inclusive business model and will continue to commit itself in offering high quality education with affordable tuition to students.

The Group considers United Nations' Sustainable Development Goals and believes Goal 1: No Poverty — Economic growth must be inclusive to provide sustainable jobs and promote equality, and Goal 4: Quality Education — Obtaining a quality education is the foundation to improving people's lives and sustainable development, are the most relevant to the Group's development strategic objective.

2.2 Compliance with IFC Performance Standards

The Group will collect data to monitor environmental and social status, review and report on our environmental and social policy; this report covers the status of our compliance with IFC Performance Standards and applicable local governmental, social, labour, safety, security and health registration and standards and measures taken to remedy any non-compliance. We agree to achieve, as a minimum, the standards set out in IFC's Environmental and Social Policies and IFC Performance Standards, and the World Bank Group Environmental, Health, and Safety general guidelines. Such requirements define approaches for managing business operations and investment projects and include Performance Standards in areas such as environmental and social management system, labour and working conditions, land acquisition and involuntary resettlement, and life and fire safety. We have agreed to implement an action plan to adopt measures to enable our operations to be conducted in compliance with IFC Performance Standards. We will also comply with applicable environmental, social, labour, health, security and safety legislations and guidelines and standards in countries/regions where we operate. For more details, please refer to the section headed "Cornerstone Investors" of the Company's prospectus dated 5 December 2017.

Environmental, Social and Governance Report

3. ENVIRONMENT

3.1 Emissions

3.1.1 General

The Group is principally engaged in education services, hence, the types and volumes of emissions generated in our daily operations are limited. Our major sources of emission are exhaust from our motor vehicles and canteens, catering and domestic wastewater, and the domestic wastes from schools. Our schools strictly comply with the relevant laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes of their local jurisdictions such as the Notice on Further Promoting the Energy Conservation of Public Buildings of the Ministry of Finance and the Ministry of Housing & Urban-Rural Department, the PRC Energy Conservation Law, and the Australian Emission Law. In addition, our schools preserve the natural environment by focusing on the management of the polluting sources of schools pursuant to the PRC and Australian Environment Protection Law and other relevant laws and regulations.

3.1.2 Types of emissions and respective emission data

Our source of **exhaust gases and greenhouse gases** is mainly from stationary combustion (such as canteens) and company-owned vehicles. The air emissions of motor vehicles include nitrogen oxides (NO_x), sulphur oxides (SO₂) and respiratory suspended particles (PM), while the greenhouse gas emissions include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). We also produce carbon dioxide indirectly through electricity consumption.

Our **liquid emissions** are mainly domestic wastewater from dormitories and canteens. Our schools' domestic wastewater is discharged into the municipal sewage pipelines in compliance with municipal requirements.

As for the **solid emissions**, our hazardous wastes are light tubes and bulbs. Our major source of non-hazardous wastes is from various recyclable and non-recyclable domestic wastes produced from schools. The Company's domestic wastes are collected and categorized by qualified professional property companies and are transferred by municipal disposal companies to the garbage transfer station designated by government health authorities. The garbage generated by the schools each day is removed and cleaned by property management companies, and is transferred to the garbage transfer station for disposal.

Environmental, Social and Governance Report

The detailed emission data of the Group during the reporting period is as follows; the increase in emission per student is mostly due to new campus construction and increase in full-time student enrollment.

Total emissions of the Group

	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Air Emissions (excluding greenhouse gas emissions)			
Nitrogen oxides (NO _x)	kg	6,308.0	5,304.9
Sulphur oxides (SO ₂)	kg	53.9	43.1
Particulate matter (PM)	kg	539.1	489.5
Total:	kg	6,901.0	5,837.5
Liquid Emissions			
Domestic wastewater (from dormitories)	tonnes	5,562,079	4,568,993
Domestic wastewater (from canteens)	tonnes	1,036,379	1,098,028
Total:	tonnes	6,598,458	5,667,021
Solid Emissions			
of which: hazardous waste (light tubes and bulbs)	number	37,985	36,707
of which: non-hazardous waste	tonnes	29,902	23,870
Less: recycled portion	tonnes	(564)	(488)
Total:	tonnes	29,338	23,382

Environmental, Social and Governance Report

Emissions per student*

	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Air Emissions (excluding greenhouse gas emissions)			
Nitrogen oxides (NO _x)	kg	0.0234	0.0214
Sulphur oxides (SO ₂)	kg	0.0002	0.0002
Particulate matter (PM)	kg	0.0020	0.0020
Total:	kg	0.0256	0.0236
Liquid Emissions			
Domestic wastewater (from dormitories)	tonnes	20.63	18.45
Domestic wastewater (from canteens)	tonnes	3.84	4.44
Total:	tonnes	24.47	22.89
Solid Emissions			
of which: hazardous waste (light tubes and bulbs)	number	0.1409	0.1482
of which: non-hazardous waste	tonnes	0.1109	0.0964
Less: recycled portion	tonnes	(0.0021)	(0.0020)
Total:	tonnes	0.1088	0.0944

* Students enrolled in the continuing education programmes are not considered in the calculation.

Environmental, Social and Governance Report

3.1.3 Greenhouse Gas Emissions of the Group

	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Direct (scope 1)			
Combustion of fuels in stationary sources	tonnes	8,721	8,193
Combustion of fuels in mobile sources	tonnes	1,017	853
Less: greenhouse gas offset by our trees	tonnes	(786)	(713)
Total:	tonnes	8,952	8,333
Energy Indirect (scope 2)			
Energy indirect emissions	tonnes	192,056	147,096
Total:	tonnes	192,056	147,096

Greenhouse gas emissions per student*

	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Direct (scope 1)			
Combustion of fuels in stationary sources	tonnes	0.0323	0.0331
Combustion of fuels in mobile sources	tonnes	0.0038	0.0034
Less: greenhouse gas offset by our trees	tonnes	(0.0029)	(0.0029)
Total:	tonnes	0.0332	0.0336
Energy Indirect (scope 2)			
Energy indirect emissions	tonnes	0.7122	0.5941
Total:	tonnes	0.7122	0.5941

* Students enrolled in the continuing education programmes are not considered in the calculation.

Environmental, Social and Governance Report

3.1.4 Emission targets set and steps taken to achieve them

Emission type	Emission per student target for 2023/2024	Approaches
Air Emissions (excluding greenhouse gas emissions)		
Nitrogen oxides (NO _x)	Reduce air emission per student by 1–2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Provide trainings for drivers to enhance their driving skills and implement the management system of "One card for one vehicle" by designated personnel, to monitor gasoline in collaborative gas stations and select gasoline from qualified gas stations 2. Regularly inspect and repair vehicles to keep them well-functioned, to integrate the vehicle dispatch, usage and route in advance and to enhance the management and operation of the school vehicles team 3. Arrange school buses for employees to commute between schools and their residential districts and add routes, and to prioritize the purchase and selection of new energy school buses and make full use of social public transportation resources to reduce exhaust emissions 4. Encourage staff to take public transport when dealing with non-urgent matters 5. To install exhaustion system for oil, smoke and gas emission in canteens so as to achieve up-to-standard emission on top of the roof through the electrostatic purification equipment
Sulphur oxides (SO ₂)		
Particulate matter (PM)		

Environmental, Social and Governance Report

Emission type	Emission per student target for 2023/2024	Approaches
Liquid Emissions		
Domestic wastewater (from dormitories)	Reduce liquid emission per student by 1–2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Actively carry out emission reduction and water saving promotional campaigns, and to educate students and teachers on water conservation on a regular basis 2. Conduct diversion, categorized collection and quality-based treatment of domestic sewage (domestic wastewater and sewage from canteens) and rainwater so as to realize cost-effective wastewater management 3. Arrange maintenance personnel to conduct periodic inspection on the discharge of rainwater and wastewater division pipelines in the campus and timely rectify pipelines with potential problems of emitting, leaking, dripping, and running water to ensure the discharge of rainwater and wastewater wells in the campus are in compliance with the requirements of the drainage license 4. Reinforce the water pollutants discharge management of each tenants and operators and the discharge of water pollutants shall be within the state or local standards for the discharge of water pollutants and indicators for the total discharge control of major water pollutants 5. Strictly prohibit the placing of garbage, chemicals, waste oil and sewage at the rainwater pipe network by all units and departments to prevent contamination of rainwater 6. Prohibit the discharge of water pollutants by unauthorized subsurface drainage pipe or by other means evading from regulations
Domestic wastewater (from canteens)		

Environmental, Social and Governance Report

Emission type	Emission per student target for 2023/2024	Approaches
Solid Emissions		
Hazardous waste (light tubes and bulbs)	Reduce hazardous waste emission per student by 1–2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Carry out knowledge learning and education regarding hazardous wastes on the bulletin board and electronic displays to enhance students' environmental awareness 2. Strengthen the hazardous waste disposal management and carry out fixed storage and centralized collection, and to engage professional recycling companies to conduct effective disposal 3. Prioritize the use of energy-saving and efficient LED lighting appliance to replace fluorescent lighting appliance gradually 4. Engage professional recycling companies to carry out sorting of the hazardous wastes while applying rain and waste dispersal prevention and anti-leakage measures during the course of storage, transportation and disposal
Non-hazardous waste	Reduce non-hazardous waste emission per student by 1–2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Proactively implement paperless office and online office to reduce paper consumption 2. Our schools discourage students and canteens using or providing plastic bags and disposable tableware so as to reduce the production and discharge of domestic waste (some of our member schools impose charges on plastic bags and disposable tableware, and provides direct drinking water throughout the campus) 3. Educate students on food-saving; improve food utilization and reduce waste 4. Our schools have been committed to promoting sustainable development and dedicating themselves to recycle the recyclable solid waste. During the reporting period, the Group recycled 564 tonnes (for the year ended 31 August 2023: 488 tonnes) of recyclable waste in total (excluding those handled by third-party recycling companies), sufficiently reducing landfills in respective schools' local communities

Environmental, Social and Governance Report

Emission type	Emission per student target for 2023/2024	Approaches
Greenhouse Gas Emissions		
Direct (scope 1)	Reduce greenhouse gas emission per student by 1–2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Attach great importance to the afforestation of campus and proactively carry out tree planting activities to increase the green coverage of campus 2. During the reporting period, we introduced 17,334 new trees and replanted more than 1,022 thousand shrubs and saplings. During the reporting period, the greenhouse gas offset by the Group's owned trees amounted to 786 tonnes, which effectively offsets the greenhouse gas emissions of 0.39%
Energy Indirect (scope 2)		<ol style="list-style-type: none"> 1. Establish a management system in respect of electricity saving to enhance promotion, education and instruction 2. Strengthen and improve the measurement and management of electricity meters, preventing noncompliant use of electricity and wastage 3. Scale up effort in repairing and upgrading old electrical equipment and facilities and optimize electrical wires, equipment and facilities so as to avoid wear and tear arising from excessive use of electricity 4. Enhance daily supervision of electricity usage, preventing waste of electricity in dormitory, classrooms and public areas, as well as wasteful illumination 5. Install timers in public lighting circuit and facilities so as to regularly cut off power during off hours. The "only turn on every other lamp" measure in respect of public street lamps is implemented during non-festival days and in non-key regions 6. Procure diversified intelligent equipment and makes full use of information technology to manage the utilization rate of equipment to avoid wastage of resources

Environmental, Social and Governance Report

3.2 Use of Resources

3.2.1 General

In order to promote the reasonable consumption and conservation of energy and thus to enhance the overall efficiency of energy consumption, our schools have assessed the energy reduction goals and have improved the management system of energy saving and energy saving records in accordance with the relevant energy conservation laws and regulations of their respective local jurisdictions. The energy reduction goals are segmented and the stage of completion of the energy reduction goals is evaluated regularly. The formulation and improvement of various energy reduction systems create a regulated environment with rules and precedents for our schools to follow so as to develop economical/resource conservative campuses. We have formulated various energy reduction systems in line with the actual situation of the development of schools and each department is constrained to strictly comply with the systems.

For example:

The Regulation of Energy Management (for upper management):	<i>The Duties of Water Conservation Leading Team, the Duties of Leader of Energy Saving Team, Responsibilities of Water, Electricity, and Gas Management Positions, the Standards of Water Saving Work</i>
The Management System of Energy Saving and Usage:	<i>The Management System of Energy Usage, Notices for Strengthening of Energy Saving Management of School Air Conditioners, Provisions on Administration of Water Reduction and Water Usage Management, the Management System of Planned Water Usage, the Management System of Incentive and Penalties of Water Usage, the Management System of Water, Electricity and Gas Usage</i>
The Management and Analysis Regulation of Energy Measurement:	<i>The Management Regulation of Energy Consumption Statistics and Usage Analysis, the Management Regulation of Energy Measurement, the Requirements of Energy and Water Measurement, the Measures for Administration of Energy and Water Measurement and Energy Saving</i>
The Usage and Maintenance Regulation of Energy-based Devices:	<i>Operating Instructions of Air Conditioners, the Scheduled Maintenance Regulation of Water Equipment, Appliances and Pipes, the Operation and Management Regulation of Water Saving Equipment, Public Facilities Management and Maintenance System</i>

Environmental, Social and Governance Report

3.2.2 Total consumption of resources/energy

The Group adheres to the principle of conservation and exercises stringent management of energy consumption. The energy consumption of the Group during the reporting period is as follows; The increase in resources/energy consumption per student is mostly due to new campus construction and increase in full-time student enrollment.

Total resources/energy consumption of the Group

Resources/Energy Categories	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Electricity	kWh	249,427,216	188,766,210
Water	m ³	10,157,502	9,429,892
Natural gas	m ³	3,993,229	3,751,236
Gasoline	liter	194,191	153,424
Diesel	liter	184,570	165,267
Liquefied petroleum gas	kg	0	0
Alcohol-based fuels	kg	0	0

Resources/energy consumption per student*

Resources/Energy Categories	Measure	Year ended 31 August 2024	Year ended 31 August 2023
Electricity	kWh	924.9	762.4
Water	m ³	37.7	38.1
Natural gas	m ³	14.8	15.2
Gasoline	liter	0.7	0.6
Diesel	liter	0.7	0.7
Liquefied petroleum gas	kg	0.0	0.0
Alcohol-based fuels	kg	0.0	0.0

* Students enrolled in the continuing education programmes are not considered in the calculation.

Environmental, Social and Governance Report

3.2.3 Description of resources/energy use efficiency target(s) set and steps taken to achieve them

The Group and its schools have been actively enhancing the resources/energy use efficiency mainly through the electricity and water savings. The Group does not have any problems in sourcing water that is fit for purpose. All of our schools have stable sources of water supply from municipal pipes and the water quality meets the national safety standard.

Resources/energy	Consumption per student target for 2023/2024	Approaches
Electricity	Reduce resource/energy consumption per student by 1-2% compared with FY2022/23's	<ol style="list-style-type: none"> 1. Gradually replace certain old low-voltage cabinets in various buildings 2. Gradually replace traditional street lights in campuses and lighting in classrooms with LED energy-saving lamps or Acousto-optic lamps 3. Air conditioner temperature is set to 26°C or above in the summer 4. All staff and students leaving classrooms or offices are required to switch off lighting devices and lights 5. Private power connect or high energy-consuming appliances are not allowed on campuses
Water		<ol style="list-style-type: none"> 1. Treated sewage irrigation; use built-in sewage treatment plant that treats domestic wastewater and use the treated wastewater for greening and road spraying 2. Implement water conservation and renovation projects such as utilising water conservation taps, water saving storage-type toilet flushing valves, environmental automatic micro-irrigation and so on to effectively reduce the total water consumption in campuses 3. Proactively carry out publicity campaign on energy conservation and provide environmental training by displaying posters in campuses to promote the importance of environmental protection to students and teachers and enhance their environmental awareness 4. Inspect the electricity and power equipment regularly to prevent water pipe leakage
Natural gas, Gasoline, Diesel, etc.		Please refer to section 3.1.4 of this report

Environmental, Social and Governance Report

The Group's efforts in water conservation have been recognized by the government. In accordance with the requirements of its higher authorities, in 2024, Jiangxi School renovated its rainwater and sewage network, which passed the acceptance inspection of the government departments and was granted as "Qualified Drainage Unit" (排水單元創建達標). Guangzhou Polytechnic School was successfully selected as one of the "Water reserved universities in Guangdong Province" (廣東省節水型高校) in 2024.

3.2.4 Total packaging material used for finished products

The Group engages in the business of education services but not industrial manufacturing, thus no packaging material is consumed.

3.3 Environment and Natural Resources

3.3.1 General

The Group strictly abides by and implements the relevant national and provincial policies, in order to reduce damage to the environment and natural resources. During the reporting period, the Group abode by the following policies which have a significant impact on the environment and natural resources, including but not limited to: **National policies**, such as, PRC Energy Conservation Law and Notice of the Ministry of Education on Deeply Developing Food Saving, Water Saving and Electricity Saving Activities, Guidance Manual on Supervision and Inspection of Water Conservation Management issued by the Water Conservation Centre of the National Office of Water Conservation, and Evaluation Criteria for Water-saving Colleges and Universities jointly issued by the Chinese Hydraulic Engineering Society and the China Association for Campus Management; **Provincial policies**, such as, Regulations on the Prevention and Control of Water Pollution in Guangdong Province, Regulations on the Management of Urban and Rural Domestic Waste in Guangdong Province (Revised edition), and Regulations on the Prevention and Control of Soil Pollution in Jiangxi Province; **Municipal-level policies**, such as, Notice on Launching Activities to Create Water-saving Colleges and Universities of Nanchang City, Notice on Guidance and Management of Electricity Safety in Winter, Domestic Waste Classification Management Regulations of Xi'an City, and Circular on the Development of Water-saving Colleges and Universities 2023 issued by the Chongqing Municipal Education Commission. In addition, the schools emphasize the development of campus culture, strive to create a clean, civilized and harmonious campus environment, by doing a good job in campus greening, sanitation and hygiene management, implementing a target management system in accordance with the school quality management system, and regularly reviewing the implementation of various policies aiming to further reduce the impacts on the environment.

Environmental, Social and Governance Report

3.3.2 Significant impacts of activities on the environment and natural resources and our conservation actions taken

As the number of students in the Group is continuously increasing, the amount of water consumption and sewage discharge is correspondingly increasing, so does the amount of domestic garbage and kitchen waste, resulting a certain impact on the environment and water resource. In addition, new infrastructure projects in progress. In response, the Group has taken corresponding measures. For example, in Zhaoqing School, wastes are disposed of at specified places at regular time upon classification and no wastes shall be kept in the campus overnight; air-conditioning, lighting, and lights in public areas are reasonably controlled according to demand, seasons and weather conditions in order to reduce unnecessary waste; and car charging piles have been installed to encourage green travelling.

Our schools emphasize the environment protection and stick to the sustainable development in daily management. In order to reduce environmental pollution, the Group has integrated energy conservation and emission reduction into the entire teaching and service processes, and has actively established and promoted conservation-oriented campuses so that energy conservation work can be carried out in the schools in a concerted manner. For example, in Shandong School, during the construction of its new campus, the following major measures were adopted: 1) complying with national standards in respect of the sewage discharge on the construction site; 2) setting up appropriate treatment facilities for different sewages on the construction site; 3) protecting the underground water environment by using the slope support technology with good water insulation performance; and 4) establishing a solid water resisting layer at the storage place of toxic materials and paint materials, such as chemicals, with proper leakage collection and treatment solutions. As another example, Zhaoqing School adopted the following measures to protect the environment and reduce pollution during its campus renovation in the summer holiday: 1) All the construction work was carried out with safety enclosures to avoid dust and noise pollution; 2) Most of the construction work was scheduled to be completed during the holiday, protecting the teachers and students from being affected; 3) A thorough clean was carried out in all the construction areas upon the completion of the construction work to ensure a clean and hygienic environment; 4) Water sprinkling was carried out every day during the construction work in the summer holiday to minimize environmental pollution; 5) Aluminum windows were installed on the balconies of teacher offices and dormitories to effectively reduce dust and noise pollution, and improve the living experience of the teaching staff; 6) All rattling manhole covers in the campus were checked and repaired with noise-reduction rubber rings during the summer holiday; and 7) On the open space of the school, a greening project was carried out, including planting trees and grass seeds.

Environmental, Social and Governance Report

During the reporting period, the relevant management actions we have taken are: 1) Promote energy saving renovation for buildings. We built an energy-saving supervision platform on campus, in order to supervise the water and electricity consumption in the students' dormitories and the use of air conditioners during the course of administration, teaching and in the office, so as to ensure the real-time transmission of data and remote monitoring and management. 2) Strengthening water saving measures. We strictly regulate water consumption, promote water conservation, oppose the waste of water resources, and encourage water recycling. The schools have actively carried out activities to create "Water-saving Colleges and Universities" based on The Assessment Standard for Water-Saving Colleges and Universities promulgated by respective provincial governments. 3) Strengthening energy-saving measures for office equipment. According to our internal statistics, reducing the standby time of office equipment can greatly reduce power consumption and extend the equipment service life. While we actively cultivate employees' awareness of energy conservation in reducing power consumption caused by standby time, we also plan to use some automated technology to achieve energy conservation in reducing power consumption caused by standby time. In addition, we have phased out old equipment with high power consumption and gradually replaced them with green products and equipment. We give priority to energy efficiency in the purchasing of electrical appliances and equipment. 4) Carrying out the investigation, monitoring and analysis (such as real-time tracking and management) of water and electricity usage and establishing the energy saving incentives and restraint mechanisms. 5) The Group encourages a paperless office environment, gradually bans the cafeteria to provide students with plastic bags and recycles all recyclable garbage as much as possible, so as to effect earnest enforcement in environmental protection.

Zhaoqing School's efforts in going green and low carbon have been recognized by the government; In 2024, the school was recognized as a "Green and Low-Carbon Public Institution" (綠色低碳公共機構) by the National Government Offices Administration and National Development and Reform Commission. Chengdu School has been recognized by the government for its efforts in the construction of a green, beautiful and ecological campus; In 2023, the school was awarded as "Sichuan Green School" (四川省綠色學校) by the Education Department of Sichuan Province and the Sichuan Provincial Development and Reform Commission.

3.4 Climate Change

3.4.1 General

For policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer, please refer to section 3.1.1, 3.2.1, and 3.3.1 of this report.

Environmental, Social and Governance Report

3.4.2 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them

Water and electricity are the principal consumables of colleges and universities, hence strengthening water and electricity saving management is profoundly meaningful for developing an economical campus. The schools under the Group continuously enhanced the investigation, monitoring and analysis of water and electricity usage by carrying out real-time tracking and management of energy consumption. Upgrading water-saving measures, the schools promoted water conservation, opposed the waste of water resources and encouraged water recycling by actively carrying out campaigns on building "Water-saving Colleges and Universities". Striving to strengthen energy-saving measures for office equipment, we mainly focused on both optimizing the quality of electricity source and reducing standby consumption of electricity.

For example, Jiangxi School embraces technology and seeks for green innovation by deploying a rooftop distributed photovoltaic (PV) power generation project during the reporting period, with an actual installed PV area of approximately 4,500 sq.m. and a PV capacity of approximately 930 KW. The PV modules are installed in the international exchange center, student service center, teaching buildings and student apartments. Connected to the low-voltage cabinet of a dedicated transformer through a 3-point 380V grid connection, the PV modules are used to generate electricity either for self-consumption or being exported to the utility grid if any surplus.

Another example, Guangzhou School has taken the following measures: 1) The school uses an intelligent water and electricity monitoring and control management system to strengthen the inspection of water and electricity facilities on a daily basis, and has specially-assigned persons to carry out inspections and maintenance of large-scale equipment and facilities, such as the power distribution room, water pump room and lifts regularly; 2) During the annual Energy Conservation Week, the Student Affairs Office organizes activities for students and puts up posters for water and electricity conservation; and 3) In the summer holiday of 2023, all mechanical electricity meters and digital water meters used in the staff apartments in the northwest campus were replaced with smart meters.

Additional example, Chongqing School has taken the following actions in response: 1) establishing, renovating and installing intelligent water and electricity control systems throughout the school to strengthen the dynamic monitoring and analysis of water and electricity use and make water and electricity use in each dormitory and classroom available for inspection in a clear way, and making real-time announcement to improve teachers and students' awareness of water and electricity conservation; and 2) in the construction of its new campus, employing the sprinkler system with humidity control function for greening, which can adjust the frequency and timings of watering depending on the humidity of soil. Further, a PV power generation system and a water reuse system are intended to be installed in the new campus.

Environmental, Social and Governance Report

4. SOCIAL

Employment and Labour Standards

4.1 Employment

4.1.1 General

Remuneration

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our member schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position. Schools participate in social insurance (pension, housing provident fund, medical, unemployment, work injury and maternity insurance) plans under the guidance of relevant national, provincial, and municipality policies and provide a variety of benefits for employees.

Our employees are members of retirement benefits schemes administrated by their respective jurisdictions. Employers and employees are required to contribute to the retirement benefits scheme in accordance with the respective local laws and regulations.

Dismissal

The guidelines and procedures for the dismissal of employees and the termination of contracts with schools are stipulated in relevant human resource policies and *Employment Contract*. In general, employees are terminated by the schools only if they violate the national laws, the rules and regulations of the schools, or the relevant provisions of the Employment Contract. The schools provide economic compensation to eligible terminated employees according to relevant national *Labour Contract Law*.

Recruitment

The Group follows the *Labour Law*, *Labour Contract Law*, *Employment Promotion Law*, *Labour Dispute Mediation and Arbitration Law* as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Environmental, Social and Governance Report

Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline. All candidates with employment offer will have to sign the employment contract as soon as reporting to work, and we stipulate the probation period according to law. Near the end of the probation period, human resources department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period according to job responsibilities and employment conditions, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

Promotion

The Group believes that the teaching quality depends largely on the quality of teachers. To improve the teaching quality and enhance teachers' work initiatives, as well as to ensure teachers are fairly rewarded and compensated based on their efforts and work qualities. Most of our member schools have formulated the *Measures for Determination of Performance Awards* and the *Performance Management Measures*, and faculty and staff are required to take annual appraisals and corresponding performance appraisals.

The schools promote teachers and employees based on their work performance, individual performance, and job qualifications, etc. For professional and technical positions, we promote the eligible employees among the best professional and technical personnel based on their performance results and service time at the current positions and promote them within the systems of post ranking. For management positions, we select the eligible employees among the best based on their performance, results and annual assessments and promote them in the case of vacant posts. In the case of no vacant posts, we may appropriately give a raise to the qualified employees.

Share Option Schemes and Share Award Scheme

The Company has adopted Share Option Schemes (Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme) and Share Award Scheme for the purpose of incentivizing eligible participants for their contribution to the Group. For more details, please refer to the section headed "Share Option Schemes and Share Award Scheme" of the Report of the Directors.

During the year ended 31 August 2024, the Company has not granted any share options (for the year ended 31 August 2023: 0) to its employees.

Environmental, Social and Governance Report

Working hours and vacations

The Group strictly implements the system of working, resting and vacation according to relevant human resource policies and other national regulations. Our standard working hours are eight hours per day, five days per week, or no more than 40 normal working hours per week, with at least one day off. Except for unusual circumstances, such as at the end of the year, we do not advocate overtime work. For those who have been approved to work overtime due to business needs, the schools shall pay the overtime fees according to regulations. Teachers and employees are legally entitled to statutory holiday, winter and summer vacations (or annual leaves), casual leaves, sick leaves, marriage leaves, compassionate leaves, maternity leaves (and paternity leaves) and other paid or unpaid leaves.

Equal opportunities

Teachers and employees enjoy equal opportunities for education, professional development and promotion and are not discriminated against due to their races, genders, religions or cultural backgrounds.

Diversification

The backgrounds of our teachers and employees are highly diverse; we have entrepreneurs, highly international faculties and foreign teachers with rich oversea academic and work experiences; we have employees with intensive governmental and industrial experiences; we also have outstanding talents from public and private companies, as well as experienced scholars from other public and private schools. The Group has made great efforts to attract social talents to join the teaching team and to promote its diversity, and to fully utilize the valuable experience of the retired and re-employed personnel. For example, Jiangxi School, Zhaoqing School, Henan School, Sichuan School and Chongqing School employ a considerable number of retirees from the industries and schools.

Anti-discrimination

We provide equal opportunities in recruitment and employment, and oppose any types of discrimination. The Company resolutely resists and opposes any forms of discrimination or forced labour practices, including forced labour, racial discrimination, and improper punitive measures. We strive to create a harmonious and equal working environment for all employees. During the reporting period, the Group did not receive any complaints related to any form of discrimination or forced labour.

Environmental, Social and Governance Report

4.1.2 Total number of employees by gender, type of employment, age group and geographical region

As at 31 August 2024, the Group had a total of 18,677 employees, a 13% increase from 2023's mainly due to organic growth in employees in our existing schools and new campuses. Please refer to the following four tables for detailed disclosure by category.

Total number of employees by gender

Gender	At 31 August 2024 (person(s))	At 31 August 2023 (person(s))
Male	8,171	7,533
Female	10,506	8,935
Total:	18,677	16,468

Total number of employees by type of employment

Type of employment	At 31 August 2024 (person(s))	At 31 August 2023 (person(s))
Directors & senior management of the Group*	8	10
Teachers	14,383	12,050
Teaching support staff	601	642
Administrative staff	2,184	2,031
Accounting and internal control staff	138	135
Campus security staff	420	400
Other staff	943	1,200
Total:	18,677	16,468

*Note: Details of directors & senior management of the Group are set out in "Directors and Senior Management" of this Annual Report.

A majority of our employees are teachers and teaching support staff, accounting for nearly 80% of the total number of employees. Our teachers and teaching support staff are our greatest and most valuable human resource asset.

Environmental, Social and Governance Report

Total number of employees by age group

Age group	At 31 August 2024 (person(s))	At 31 August 2023 (person(s))
30 or below	5,473	4,454
31–40	6,091	5,979
41–50	4,262	3,627
51–60	1,840	1,726
Over 60	1,011	682
Total:	18,677	16,468

About 55% of our employees are between the ages of 31 and 50; this group mainly consists of teachers and professors with teaching experience of 10–20 years. In addition, the number of employees under the age of 30 is also considerable, accounted for 29% of the total employees; this group mainly consists of youth teachers with teaching experience of or less than 10 years or youth teachers working toward their teacher qualification certificates, with tremendous supports from the Group.

Total number of employees by geographical region

Geographical region		At 31 August 2024 (person(s))	At 31 August 2023 (person(s))
The PRC	Local	11,771	9,771
	Non-local	6,722	6,529
Australia	Local	184	168
	Non-local	0	0
Total:		18,677	16,468

We have a rather diverse workforce. As at 31 August 2024, around 36% of our employees come from locations other than where our schools operate.

Environmental, Social and Governance Report

4.1.3 Employee turnover rate by gender, age group and geographical region

We have a very stable teachers and management workforce. During the reporting period, the Group had a total of 1,587 resigned employees, representing an employee turnover rate of 7.8%. Please refer to the following three tables for detailed disclosure by category:

Employee turnover by gender

Gender	Year ended 31 August 2024 (person(s), %)	Year ended 31 August 2023 (person(s), %)
Male	744 (3.6%)	624 (3.5%)
Female	843 (4.2%)	807 (4.5%)
Total:	1,587 (7.8%)	1,431 (8.0%)

Employee turnover by age group

Age Group	Year ended 31 August 2024 (person(s), %)	Year ended 31 August 2023 (person(s), %)
30 or below	829 (4.1%)	655 (3.7%)
31–40	354 (1.7%)	361 (2.0%)
41–50	121 (0.6%)	157 (0.9%)
51–60	146 (0.7%)	159 (0.9%)
Over 60	137 (0.7%)	99 (0.5%)
Total:	1,587 (7.8%)	1,431 (8.0%)

Employee turnover by geographical region

Geographical region	Year ended 31 August 2024 (person(s), %)	Year ended 31 August 2023 (person(s), %)
The PRC Local	1,048 (5.2%)	946 (5.3%)
Non-local	522 (2.5%)	471 (2.6%)
Australia Local	17 (0.1%)	14 (0.1%)
Non-local	0 (0.0%)	0 (0.0%)
Total:	1,587 (7.8%)	1,431 (8.0%)

Environmental, Social and Governance Report

4.2 Health and Safety

4.2.1 General

In order to ensure the normal teaching order of the Group and the health and safety of the employees and students, the Group has established strict safety management regulations and standards for fire safety, campus safety and health environment construction, facilities and equipment management, and anti-smoking management, etc., to provide staffs and students with a healthy and safe working and learning environment. While strictly complying with the *Infectious Diseases Prevention Law*, *School Health Work Regulations*, *Fire Protection Law* and other relevant laws and regulations of their respective local jurisdictions in formulating safety management systems, the Group has also established a safety and health work leading team to effectively supervise the implementation of safety inspection system and a safety accountability system, accident emergency plan, and has carried regular campus safety inspections to ensure the health and safety of teachers and students.

Jiangxi School has developed a series of systems, including Implementation Programme for Prevention of Telecommunications Network Frauds, Implementation Programme for Food Safety Inspection, Public Health Management Measures, and established the relevant special leadership groups responsible for the implementation of various works. It successfully passed the assessment of construction safety and the assessment of college and university security and stability in Jiangxi Province for 2023, and was awarded as "Jiangxi Provincial College and University Logistics & Catering Management Advanced Unit" (江西省高校后勤伙食管理工作先进单位) for 2023. During the evaluation of education security management system network management platform & star safe campus in Sichuan Province in 2023, Chengdu School was given full marks and tied for first place among the colleges and universities in the province. Guangzhou Technician School provides "AED equipment" on campus to safeguard the health of its teachers and students. In order to better protect the safety of teachers and students and make the "life-saving AED" available at the first time in critical situations to assist the cardiopulmonary resuscitation operators to save the lives of patients with cardiac arrest, automatic external defibrillators (AEDs) have been placed at fixed locations in the school, thereby initially establishing the campus AED distribution networks.

Guangzhou Technician School has established an ISO 9001 quality management system in earlier years, and the certificate of ISO quality management system is valid until July 2026.

The Group also provides employees with relevant accident protection as required by national regulations such as the *PRC Labour Law* and the *Regulations on Work Injury Insurance*. The Group provides necessary labour protection supplies and other measures to ensure employees have a safe working environment that is free from occupational hazards. In addition, the Group participates in annual employee work-related injury insurance and basic medical insurance, which can help its schools and its employees to mitigate accidental risk and damage to a certain extent.

Environmental, Social and Governance Report

4.2.2 Work injuries and accidents

During the past three years including the current reporting period, the Group had two work-related fatalities.

4.2.3 Lost days due to work injury

During the reporting period, the Group had 16 employees who had work-related injuries (for the year ended 31 August 2023: eight), resulting a total of 330 lost days (for the year ended 31 August 2023: 616). In response to these 16 work-related injuries, the Group actively applied for work-related injury certification for employees, arranged hospital visits, and compensated for work-related injuries to ensure employees obtain insurance coverage and salary as required by relevant laws.

4.2.4 Occupational health and safety measures and related implementation and monitoring methods

Due to the characteristics and working environment of the education industry, most employees, such as teachers and administrative staff, do not expose to any inherent occupational hazard risks. A small group of employees, such as maintenance technicians and other outdoor workers, expose to limited occupational hazards risk. Our schools mainly adopt the following measures to avoid occupational hazards: to provide necessary protection and communication tools for safety and security personnel, to provide labour protection supplies for maintenance personnel, and to formulate safe operating procedures and provide safety trainings for employees.

Our schools have adopted the following measures to ensure the safety of employees:

First, implement safety education and safety precautions. Our schools promote safety education, health education and prevention awareness through the official school website, WeChat, TikTok, and other various internal and offline publicity platforms to continuously improve the safety and health awareness of our teachers and students. In addition, most of our schools provide free health check-up for all employees every one or two years.

Environmental, Social and Governance Report

Second, establish safety and health supervision projects. We have strengthened safety inspections in key areas and key locations to eliminate safety hazards in a timely manner. As at the end of the reporting period, the safety and health supervision projects established by the Company mainly include: safety and health publicity and education, investigation and rectification of hidden safety hazards, power safety usage management, management of hazardous chemicals, safety management of food and boilers in canteens, policies and security work requirements, clinic and health management, dormitory safety management and school bus safety management, and improvement for campus and surrounding environment. We are equipped with necessary video surveillance equipment in public areas, and assign security guards to safety and health supervision projects, be well-prepared for emergency. As for campus environment, our schools regularly disinfect different areas of campuses on a weekly basis, and makes sufficient efforts on environmental hygiene and disease prevention. In addition, air conditioning maintenance work is conducted every semester. At the same time, anti-smoking is strictly enforced, and tobacco control inspections are regularly conducted to ensure the health of staffs and students and to avoid any incidents that endanger the safety of our school campuses.

Third, crack down fire safety issues. The group attaches great importance to campus fire safety; all our schools issue fire safety notices at the beginning of academic year, holidays, important periods and sensitive period, and regularly inspect the fire-fighting equipment of each building, repair and add various types of fire-fighting equipment. Jiangxi School and Guangzhou School hold large-scale fire drills on the annual fire prevention publicity day to enhance the fire safety awareness and self-rescue capability of teachers and students.

For example, in December 2023, Jiangxi School organized about 1,000 teachers and students to carry out fire safety emergency evacuation drills in order to strengthen fire safety education and prevention work for teachers and students, improve the school's ability to prevent and respond to emergencies, train teachers and students' emergency response speed, and improve the school's ability to organize evacuation of students.

Addition example, in April 2024, Hainan School cooperated with Haikou Fire and Rescue Sub-branch, Guilinyang Squadron to carry out a night-time fire evacuation and extinguishing drill in the student apartments. Nearly 1,000 students and teaching staff members from the security office, student dormitory management office, education service centre and other departments participated in the drill, and the relevant leaders, counsellors, volunteer firefighters and student representatives of the secondary colleges were also present to observe the drill.

Environmental, Social and Governance Report

4.3 Development and Training

4.3.1 General

The Group attaches great importance to employee training and development. In order to maintain and enhance staffs' teaching and management skills, the Group and its operating schools have formulated employee training programmes throughout the entire academic year based on the actual needs. The training activities focus on the dissemination of culture and the improvement of business capabilities. Taking the extraction and inheritance of experience as the goal, the training model of case analysis is mainly used to comprehensively upgrade employees' knowledge reserves and business. The Group strongly encourages teaching staff to participate in pre-employment training, as well as professional trainings that lead to professional teacher and counsellor qualifications, academic lectures, and innovation and entrepreneurship trainings. The Group also encourages them to participate in forums, seminars, meetings and professional training in other disciplines, as well as overseas exchange opportunities.

During the reporting period, our training programmes and projects at **Group-level** mainly include:

Department	Internal training delivered
Finance Department	Through special and regular financial meetings, it regularly provided member schools with systematic guidance and training on annual comprehensive budget management, capital expenditure, operation-financial integration financial analysis, ERP financial information system, capital and financing, taxation, financial risk and internal control. In July, during the financial training of the Group's 839 School, it invited a well-known lecturer from the Taxchina.com to deliver a speech on the avoidance of taxation risk in the private education industry to ensure operational compliance, and a professional instructor from Deloitte & Touche to give a lecture on professional and innovative methodologies to promote members of the financial team to collaborate efficiently, break through the limitations of thinking, and explore ways of integration and innovation to enhance the quality and efficiency of work

Environmental, Social and Governance Report

Department	Internal training delivered
Supervision and Audit Department	Regularly provided training on internal control system management, internal control evaluation management and other topics to further strengthen the awareness of risk management in schools, regulate business conduct with systems, strengthen management foundation and enhance system execution. In addition, it organized the internal control management training of the Group's 839 School, where industry experts were invited to further enhance the comprehensive quality of the school management and improve their management ability through the training courses on public opinion management, interpersonal communication management, and internal control evaluation management. Meanwhile, employees from the department were organized to attend the training on the improvement of competence of audit professionals, and the on-site management and quality control of auditing projects to further improve the quality of auditing work and expand auditing thinking
IT Department	Regularly conducted business model analysis and business operation training for schools involving ERP (personnel, finance, assets, workflow), smart campus platform (staff service platform, student service platform, intelligent hardware equipment, etc.) and one-stop service platform, customized information systems through the established and reliable business processes of each school owned by the Group, and promoted them in schools in need, thereby greatly alleviating the trial-and-error cost of member schools and improve the management service of the business departments of such schools
Logistic Department	Organized the 2024 logistics management series training class of the 839 School in Haikou, covering asset procurement, logistics and property, engineering management and various other business areas. Employees from the logistics department and the member schools of the Group were organized to attend logistics equipment exhibitions in Shanghai and Fuzhou to be updated with the latest technological developments. During the reporting period, it provided several on-site business training sessions and took the lead in organizing visits and exchanges of experience among member schools to help them further improve the management level of their logistics and general affairs personnel

Environmental, Social and Governance Report

Department	Internal training delivered
Academic and Human Resources Department	Organized 7 training series of 2024 (namely, education and teaching, financial management, logistics management, information technology, legal and ESMS management, internal control management and international education) of the 839 School, providing aggregately 42 lectures on topics including education and teaching assessment, AI-assisted teaching reforms, financial risk prevention, international talent cultivation, CEG environmental and social management system, AI purchasing and management, and labour and personnel compliance management. Focusing on work priorities and difficulties, and with education and teaching assessment experts, well-known managers and teachers or industry elites invited as lecturers, such training series were proved to be effective, and widely acknowledged and recognized by the trainees. The training series promoted inter-school communication and integration, enhanced the competence of the teaching staff, further improved their education and teaching ability, and enhanced the administrative management capabilities of the management cadres, while empowering the member schools to establish training systems and assist in organizing various types of training activities oriented to five key areas, namely induction training, seminar training, special training, thematic lectures, and practical ability enhancement, with more than 20 training topics and more than 3,000 participants
Marketing Department	Regularly carried out professional training such as enrollment and enrollment publicity for member schools to increase enrollment plans and strengthen publicity of school-running characteristics. Promoted the construction and training of employment platforms. Focused on guiding and supervising the promotion of the transformation of Shaanxi School and Henan School
International Education Department	Organized member schools to carry out exchange training meetings such as international education enrollment for many times, regularly carried out professional training such as enrollment and enrollment publicity for member schools, regularly carried out institutional certification, professional verification, professional external examination and credit mutual recognition business training for international education and teaching, promoted high-quality development of school enrollment and promoted internationalization of education
Legal Department	Organized several guidance and training sessions for the member schools on the ESMS management system and cultural awareness, contract management, labour and personnel, construction engineering, bidding and tendering, litigation dispute resolution, updating of rules and regulations on company law and private education regulations to help the schools to further improve their business standardization and risk management capabilities

Environmental, Social and Governance Report

In order to improve the professional management ability of our employees, the Group also actively sent employees to participate in external expert training. For example, the Group's Legal Department, in conjunction with the Administration Department, engaged a team from Stantec to provide training on the ESMS management system for the directors of each department at the Group's headquarters and, in conjunction with the Audit Department, organized a team of consultants from Stantec to provide further trainings on the ESMS management system for the risk controllers of the Group and its member schools. Besides, the Group's Information Department organized a number of training sessions for a total of 30 persons from the information departments of the member schools to the headquarters of Weaver in Shanghai on the construction of low-code platforms, and organized the information series training class of the 839 School for approximately 40 trainees, where industry-leading companies, such as Huawei Cloud, Alibaba Cloud, Alipay, Weave, and SUNM, were engaged to provide training on the application of AI and smart campus to improve the competence of the information management personnel of the schools.

During the reporting period, our training programmes and projects at **school-level** mainly include:

1. Encouraging teaching staff to obtain teacher qualifications and counsellor qualifications. For example, during the reporting period, 7 and 10 teachers from Hainan Art School obtained the teacher qualification of senior high school and secondary vocational school respectively. At the same time, the school issued an implementation programme for the review of teaching staff professional titles (trial) in September 2023, pursuant to which, 8 teachers obtained the junior professional titles and 2 teachers obtained the intermediate titles during the reporting period. Another example is Chengdu School, which provides regular pre-job training on vocational skills for newly appointed teachers and aggregately 56 teachers have applied for and obtained the teaching qualifications of higher education.



Environmental, Social and Governance Report

2. Support and encourage our teachers to pursue master or doctoral degrees. For example, during the reporting period, pursuant to the Regulations on Subsidizing Teachers to Study for Doctoral Degrees, Guangzhou School agreed to cultivate 25 persons for doctoral degrees, of whom 14 were newly sponsored. Pursuant to the Implementation Plan of the Doctoral Programme for Teachers of 2024–2026 and the Implementation Plan of Targeted Cultivation of Teachers for Master's Degree in 2024, Hainan School agreed to cultivate 31 persons for doctoral degrees and 30 persons for master degrees.
3. Short-term studies at domestic and foreign universities. For example, during the reporting period, Jiangxi School selected and delegated 8 teachers to participate in the training programme for new teachers on the enhancement of teaching ability and the integrated teaching training for young teachers organized by Beijing University, and the integrated teaching training for young teachers from colleges and universities in central and western China 2024 (spring) organized by Tsinghua University respectively. 9 core teachers from Guangzhou Technician School were selected and delegated to participate in the training programme for core teachers on work-integrated learning hosted by the Ministry of Human Resources and Social Security, and currently a total of 12 teachers in the school have received training certificates.



Environmental, Social and Governance Report

4. Practicing and serving temporary positions in enterprises. For example, in order to strengthen the construction of "dual qualification" teacher team, improve teachers' practical ability, support and encourage teachers to practice in enterprises in combination with professional construction requirements, Guangzhou School selected a total of 117 full-time teachers to practice in enterprises in the summer holiday of 2023. Jiangxi School delegated 39 professional teachers to complete the professional practice and serve temporary positions in relevant industries and enterprises during the summer holiday. Moreover, Yantai School entered into an agreement with the entrepreneurship and innovation base of Tencent Cloud and Ziguang Yeda Technology Co., Ltd. (紫光業達科技有限公司) respectively in respect of the establishment of "dual qualification" teacher cultivation and training bases, pursuant to which the parties agreed on delegating teachers to enterprises for advanced professional practice and serving temporary positions, and formulated relevant plans.

For another example, in the summer holiday of 2024, Guangzhou Technician School selected and delegated 36 professional teachers to practice in enterprises, with a total of nearly 700 days. Teachers went to the front line of industrial production and get to know the application of new processes, techniques, materials and equipment, and also had in-depth exchanges with the technical staff of the enterprises.

5. School-enterprise cooperation in production, learning and research. For example, aiming at promoting the development of a modernized industrial college in a comprehensive manner rapidly, Zhaoqing School focuses on new engineering course construction, teachers' team construction, teaching content and curriculum system reform, practice condition and practice base construction, and innovation and entrepreneurship education reform to, in collaboration with the secondary colleges and through field research, collective discussion and other ways, promote the integrated development of industrial disciplines and professional programmes of the school. It entered into cooperation agreements with more than 220 organizations, including Xiaopeng New Energy, iFLYTEK, KPMG Global Business Services and the First People's Court of Dongguan, in respect of the government-school or enterprise-school cooperation in inheriting distinctive cultures, establishing industrial colleges, constructing practice-teaching bases, and facilitating industry-academia-research cooperation.

Environmental, Social and Governance Report

Insisting on the direction of the education reform for application-oriented undergraduate colleges and universities, Jiangxi School thoroughly implements the spirit of the relevant guiding documents, and vigorously promotes region-based, sector-driven and industry-oriented school operation. During the reporting period, according to the requirements of the Ministry of Education on the standards for modern industrial colleges, the school has actively promoted the construction of industrial colleges, and established 3 modern industrial colleges successively, including the College of Arts and Culture Industry, College of Performing Arts and Creative Industries, and College of Basic Education. So far, the school has established 7 industrial colleges, covering all major disciplines of the school, which have effectively facilitated the organic integration of the education chain, the talent chain with the industry chain and the innovation chain, and also improved the ability of the school to cultivate high-quality application-oriented talents and serve the economic and social development of Jiangxi Province.



Environmental, Social and Governance Report

6. Carrying out teaching skill training for teachers; encouraging teachers to participate in forums, seminars, meetings in other disciplines and professional training. For example, in September 2023, Hainan School established an independent Teacher & Teaching Development Centre, responsible for the establishment of standardized working systems. The Measures for the Implementation of Mentorship Scheme for Young Teachers (Trial) and the Measures for the Administration of Teacher Training Workshops (Trial) issued by the Centre has formed the basic institutional framework for the development of teachers of the school. With the launch of the mentorship scheme for the cultivation of young teachers, 162 mentors have been assigned to 184 young teachers, and 478 public training sessions have been provided under the mentorship scheme. The school organized more than 10 teacher-training seminars, teaching academic lectures and teacher salons, involving more than 2,000 persons. In particular, the higher education teachers' salon in Hainan Province on "how to deliver a great lesson" jointly organized with the Centre for Excellent Teaching and Learning, Peking University for the first time was a huge success. The school promotes the training of teachers with the guidance of the "Five Competitions" (五賽). Within a year, it received 4 first prizes, 5 second prizes and 8 third prizes in the provincial competition. During the Thirteenth Hainan Teaching Competition for Young Teachers, the school won the first prize for the first time ever, and was granted the "Excellent Organization Award". Besides, the teacher & teaching development system (i.e. 一導一進三坊三系五賽) developed by the Teacher the Teacher Development Centre of Hainan School with its working experience and innovation was selected by the "Second National Conference on High-Quality Development of Higher-Education Teacher Development Center" (第二屆全國高校教師發展中心高質量發展大會).

For another example, Guangzhou Technician School organized a total of 143 on-campus and off-campus training sessions for its teaching staff, which provided aggregately 3,726 training hours for up to 6,874 teachers. The training service was proved to be highly effective, with a satisfaction rate of 99%. In response to the changes in school situation and the requirements for high-quality development, the school organized a series of training featured, including but not limited to, the AI-enhanced teaching, with the aim of improving the teaching quality in the classroom, assisting new teachers to adapt to their positions and become qualified, and enhancing the teaching management and scientific research ability of teachers. The teaching skills and level of teachers have been improved, reflective of the notable effectiveness of the teacher training service of the school.

Environmental, Social and Governance Report



7. Pre-employment training for new employees. Our schools carry out pre-employment training for new teachers and counselors at the beginning of each academic year. Through centralized training, practice and follow-up training, we help new employees quickly familiarize themselves with school cultures and management procedures (such as teaching, research, HR, etc.) thus they can grasp the essentials of teaching methods and integrate them into teaching.



Environmental, Social and Governance Report

4.3.2 Percentage of trained employees by gender and employee category

During the reporting period, the Group provided on-the-job training that benefit employees' personal and professional development for a total of 12,598 staffs, accounted for 67.5% of total employees. Please refer to the following two tables for detailed disclosure by category:

Number and percentage (%) of employees who received training by gender

Gender	Year ended 31 August 2024 (person(s), %)	Year ended 31 August 2023 (person(s), %)
Male	4,886 (26.2%)	3,727 (22.6%)
Female	7,712 (41.3%)	6,218 (37.8%)
Total:	12,598 (67.5%)	9,945 (60.4%)

Number and percentage (%) of trained employees by employee category

Employee Category	Year ended 31 August 2024 (person(s), %)	Year ended 31 August 2023 (person(s), %)
Senior management	149 (0.8%)	132 (0.8%)
Middle management	825 (4.4%)	913 (5.6%)
Other staff	11,624 (62.3%)	8,900 (54.0%)
Total:	12,598 (67.5%)	9,945 (60.4%)

Environmental, Social and Governance Report

4.3.3 Weighted average training hours completed per employee by gender and employee category

During the reporting period, the weighted average training hours completed per employee of the Group was 54 hours. Please refer to the following two tables for detailed disclosure by category:

Weighted average training hours completed per employee by gender

Gender	Year ended 31 August 2024 (hour(s))	Year ended 31 August 2023 (hour(s))
Male	49	47
Female	57	53
Weighted average training hours:	54	51

Weighted average training hours completed per employee by employee category

Employee Category	Year ended 31 August 2024 (hour(s))	Year ended 31 August 2023 (hour(s))
Senior management	41	43
Middle management	52	54
Other staff	54	51
Weighted average training hours:	54	51

Employment of employees with disabilities and employees with material family difficulties

The Group actively safeguards the employment opportunities for all types of people and prohibits discrimination in all aspects to ensure that every employee is respected and treated fairly. We are a disabled-friendly company and we actively solve the employment problem for the disabled. Under the same circumstances, we give priority to people with disabilities and people with material family difficulties in making hiring decisions. As at 31 August 2024, the Group had a total of 65 disabled employees and 26 employees with material family difficulties (As at 31 August 2023: 61, 32), respectively accounted for 0.4% and 0.1% of the total employees (As at 31 August 2023: 0.4%, 0.2%).

Environmental, Social and Governance Report

4.4 Labour Standards

4.4.1 General

The Group prohibits and resolutely resists hiring child labour or forced labour and in strict compliance with the relevant labor law of their respective local jurisdictions, such as Labour Law of the People's Republic of China, Labour Contract Law, Teachers Law, and Law on the Protection of Minors. The Group has formulated specific recruitment and human resources policies that prohibit the use of child labour and forced labour. The Group also prohibits forced labour or servitude in any forms, and ensures that all employees work on a voluntary basis. The Group recruits staff based on an open, fair, justice, and voluntary basis, and prohibits the recruitment and employment through forced actions or fraudulence. During the reporting period, the Group was not involved in any illegal labour, child labour or forced labour.

4.4.2 Our measures and steps taken to eliminate child and forced labour

Our human resources departments examine the identity of job applicants and employees recruited, conducts inspection on child labour and illegal labour, performs detailed background check on high end talents and employees who hold key positions, and enters into contracts with all full-time employees in accordance with relevant laws and protects their legitimate rights and interests. If any non-compliance related to child labour and forced labour is found, the disciplinary supervision department and the management shall review the entire recruitment and management procedures, and identify the defects and make targeted improvement on relevant procedures to prevent the reoccurrence of similar incidents. Our schools have never been involved in any illegal labour, child labour or forced labour since they were established.

Operation Practices

4.5 Supply Chain Management

4.5.1 General

As an education services provider, we engage our suppliers to provide us with office supplies, furniture, teaching devices and equipment, teaching material and supplementary teaching material and uniforms. In order to make the procedures of material supply more convenient and efficient, and the management more standardized, the Logistics Department of the Group makes continuous conclusions and exploration, and carries out in-depth optimization of the established systems and processes. During the reporting period, it has successively revised the Procurement Management System of China Education Group Holdings Limited (2024 Revision), the Implementation Rules of Procurement Management of China Education Group Holdings Limited (2024 Revision) and the China Education Group Bidding Procurement Management V.3.5, and issued the Notice on Further Refinement of the Bidding Procurement Enquiry Process and other policies and guidelines for the scientific management of school procurement work. In addition, the member schools of the Group completed the revision of their respective school systems in accordance with the Group's newly revised systems and opinions.

Environmental, Social and Governance Report

During the reporting period, the Logistics Department of the Group has fully utilized SRM supplier management software, which allows the Group to realize the whole process management from supplier understanding, selection and development to supplier control, further optimizes the Group's procurement management process, helps the Group to improve its relationship with suppliers, establishes a standard and transparent procurement process, improves procurement efficiency and also better reduces procurement costs. Most of our schools have also established the Qualified Supplier Databases and introduced a competitive mechanism for qualified suppliers. Each of our procured goods has readily available substitutes and at least three back-up suppliers for most goods. We perform categorized management on suppliers through Qualified Supplier Databases, conduct "qualified supplier assessment" on an annual basis, and discontinue cooperation with unqualified suppliers in time.

Group Logistics Department implements "centralized procurement, local distribution" for large-scale in demand commodities. For goods with sporadic demand but large cumulative consumption, we enter long-term supply contracts with suppliers and implement long-term contract prices. Centralized procurement at Group level makes full use of economics of scale and effectively reduces procurement costs.

4.5.2 Number of suppliers by geographical region

During the reporting period, about 95% of the Group's suppliers are local suppliers (from the provinces/municipalities/states where schools are located).

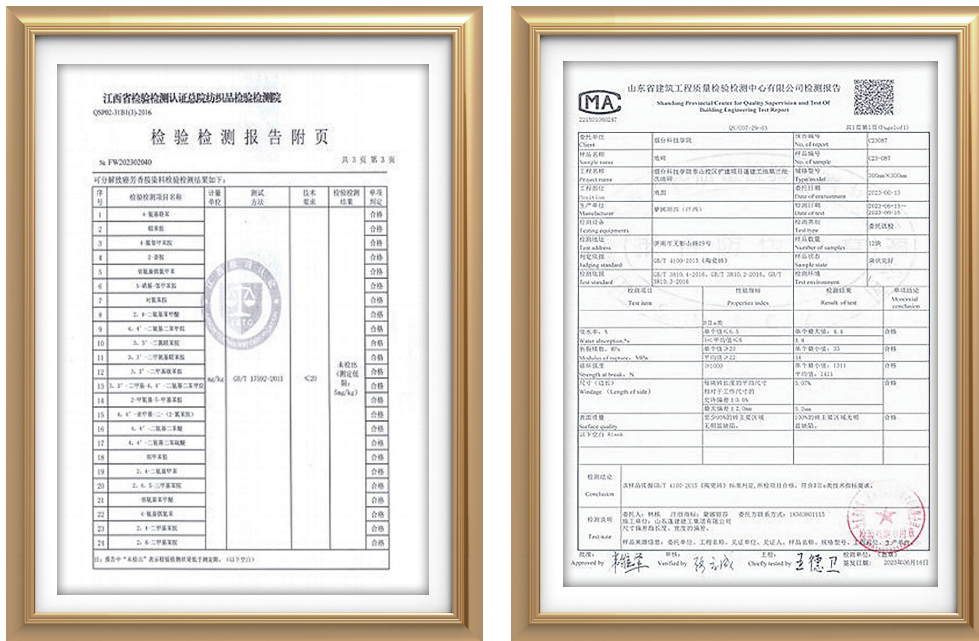
Geographical region		At 31 August 2024	At 31 August 2023
The PRC	Local	1,848	1,635
	Non-local	100	186
Australia	Local	167	186
	Non-local	0	0
Total:		2,115	2,007

Environmental, Social and Governance Report

4.5.3 Practices of supplier engagement and implementation and supervision of such practices

Our schools take into full consideration of the suppliers' environmental and social risk factors in supplier selection. The Group actively promotes a healthy and fair competitions among suppliers. Firstly, we will verify and conduct due diligence on the legitimacy (such as the validity of business license, tax registration certificate and organization code certificate), qualification, business scope and operating and financial results in last three years of relevant suppliers.

Subject to different products, we will require the suppliers to provide quality examination reports, quality certification, samples and other relevant materials for quality control during the acceptance procedure. For example, in the procurement of furniture for student dormitories, we require suppliers to provide qualification test reports on formaldehyde emissions issued by government authorities; and in the procurement of water supply equipment, we require suppliers to provide water quality test reports on a regular basis.



(Picture on the left) Formaldehyde emission test report provided by supplier as required by Jiangxi School in the procurement of beds for student apartments
(Picture on the right) Microbiological index test report provided by supplier as required by Chongqing School in the procurement of direct drinking water equipment

Environmental, Social and Governance Report

Our schools' procurement departments have matured and complete supplier engagement systems in place. For small amount procurements, we engage the suppliers based on the principle of "emphasizing on efficiency while ensuring quality" and make comparison among different suppliers for specific products. For example, the procurement of minor commodities, quotations from at least three suppliers are required and shall be subject to school's online approval. For large amount procurement, we assess and select the suppliers on a fair basis through open tenders or competitive bidding procedure and process in strict accordance with relevant systems of the Group and the schools. For example, in relation to the selection process, the Logistics Department of the Group has developed an "electronic bid evaluation" system, which determined the weighting of the products bid by suppliers based on the technical and commercial factors. Suppliers are required to provide samples of the relevant products, followed by a "blind sample evaluation". Finally, suppliers will be selected based on the overall score. In order to strengthen the Group's control over suppliers, the Supervision and Audit Department will conduct special audits on a regular basis as to the effectiveness of supplier management.

4.5.4 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

The Group has been carrying out strict audit in identifying and eliminating social risks of suppliers from time to time. All suppliers are required to have good business reputation/record, sounded service team, completed tax paying record and solid accounting system, and no major safety or quality accident has occurred in the past three years. Schools are required to review the qualification of suppliers on the authoritative website when organizing bidding procurement, in order to exclude suppliers with higher social risks; Suppliers participating in bidding and procurement are required to sign a "Supplier Social Responsibility Statement" prohibiting the use of child labor and forced labor, and suppliers are required to provide safety, occupational health and environmental protection administrative permits related to their business operations. Each contract signed with the supplier shall be accompanied by *Integrity Agreement*; when the supplier delivers goods, the purchasing department shall organize the asset and user departments to jointly inspect the goods and focus on inspecting Product inspection certificate, certificate of conformity and other materials, and sign for confirmation after inspection. At present, the Group utilize ERP system in managing the supply chain and all processes are generated by the presentation of documents. In the payment process, the Group's financial personnel will review the entire procurement process as well as the upstream documents, and payment is made according to the contract requirements upon the reviewal. For suppliers that fail to perform according to the requirements, fees will be deducted from the quality assurance deposit according to the contract.

4.5.5 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

In bulk procurement, the bidding document template specifically requires suppliers to actively submit energy-saving, emission reduction, environmental labeling and other related materials of the products, and we take energy-saving as a priority in the bid evaluation process. All our centralized procurement suppliers are domestic first-tier enterprises and world top 500 enterprises, and their products must meet the national energy-saving standards. In addition, in order to reduce the idle or scrapping of assets, the Logistics Department has established a special platform, "logistics wise knowledge platform", to allocate and promote recycling schools' idle assets to achieve secondary utilization as much as possible to reduce the impact of scrapped assets on the environment.

Environmental, Social and Governance Report

4.6 Service Responsibility

4.6.1 (a) We provide education services in strict compliance with relevant national laws

Our schools operate in accordance with the relevant education laws and regulations in their respective jurisdictions, such as the *PRC Education Law*, the *Law for Promoting Private Education*, the *Several Provisions on the Administration of Private Colleges and Universities*, the *Several Opinions of the State Council on Encouraging Social Power to Set up Education to Promote the Healthy Development of Private Education*, to provide high quality vocational education services, as well as accommodation, meal catering and other ancillary services.

4.6.1 (b) How do we ensure the objectivity of our enrollment advertisement?

We carry our enrollment advertisement and promote our schools mainly through the advertising on traditional mainstream media such as official website, newspaper, TV, and journals on higher education entrance examination published by provincial education authorities and on emerging media such as internet media, mobile newspaper, mobile application of mainstream media and official account on WeChat platform.

We carry out promotional activities in strict compliance with relevant laws and regulations in their respective jurisdictions, such as the *PRC Education Law*, the *PRC Advertisement Law* and the *Provincial Measures on Filing and Management of Enrollment Advertisement of Private Colleges and Universities*, and have formulated the *Enrollment Information Approval and Publish Mechanism*, the *Enrollment Advertisement Content Management and Filing* and the *Enrollment Promotion Platform Maintenance and Management*, to make filing and effect management and control of the advertisement and promotional information. All advertisement and promotional information are accurate, objective, true and not misleading. We also actively seek advices and supervision from the supervisory personnel of provincial governments and the provincial enrollment supervision team. Our effort in objective advertising is highly recognised by students, parents and the public.

4.6.2 (a) Withdrawal rate

During the reporting period, we recorded a withdrawal rate of 1.7%. The schools have made relevant refunds in accordance with relevant policies.

4.6.2 (b) How do we respond to the complaints from the students and employees?

During the reporting period, the Group received a total of 45 complaints from the employees and 936 complaints from the students. The complaints were mainly related to public facility repair, pandemic prevention and control measures, and dissatisfied food taste in the canteens. The Group has taken active measures of improvement for reasonable requests.

Environmental, Social and Governance Report

In order to effectively protect the rights and benefits of our students and employees, our schools continuously maintain a channel for students and employees to express their demands and concerns. Firstly, the schools have set up president's mailbox (and other mailbox open to public) and have designated special personnel to handle various kinds of oral and written inquiries at different levels in order to receive all kinds of feedbacks from the public, students and staff. Secondly, the schools hold the "Meeting with the Principal Day" and student forums once every period to collect the problems and concerns raised by the students. We listen to and solve the students' problems on study and daily life in a timely manner, and encourage students to fully participate in the schools' daily management, to enhance the level of democratic management of the schools. Thirdly, some schools have refined the *Students Complaints Handling Rules* and the *Whistleblower Complaint Protection Rules*. During the reporting period, the Group was not involved in any material litigations, complaints, disputes or negative news coverage.

4.6.3 Safeguard and protection of our intellectual property rights

The Group strictly compliant with the relevant intellectual property laws in its respective jurisdictions, such as the *PRC Patent Law* and the *PRC Implementation Rules of Patent Law*, to protect the intellectual property rights of schools and students. In addition, a majority of our schools have also introduced and implemented their respective *Administrative Measures for Scientific Research* and *Administrative Measures on Intellectual Property Rights*. During the reporting period, the Group was not involved in material complaints or disputes related to intellectual property rights.

During the reporting period, our higher education institutions' efforts to safeguard and protect the intellectual property rights of the schools include: (1) To improve the management of intellectual property rights. The schools have set up Research Management Departments to be responsible for the application, protection, and transfer of the intellectual property rights of schools. The schools have also maintained intellectual property rights conversion agency, which comprises of a dedicate team to promote the intellectual property rights conversion and coordinate the disputes caused by intellectual property rights, protecting the intellectual property rights of the schools. In addition, the schools have also established a patent application fund for intellectual property rights to subsidize the intellectual property innovation activities, and the maintenance and improvement of patents at later stages; (2) To well protect the intellectual property documents of the schools. We have strengthened the promotion and learning of the confidentiality so that teachers and students can clearly identify the bottom line that they cannot reach, and clearly define their own activities so as to better protect their intellectual property rights. Respective academic departments and research institutes appoint specialized personnel to archive and backup the laboratory results, scientific research results, confidential files of the archives and competitive scientific research items. (3) The schools implement graduation project (graduation dissertation) review. We will educate the students and ask the students to modify or rewrite the graduation dissertation for which the repetition rate exceeds the standard. If there are serious acts of plagiarism, we will handle it in accordance with the *Measures for the Prevention and Handling of Academic Misconduct in Colleges and Universities* and the *Implementation Rules of handling Measures for Dissertation Fraud*.

Environmental, Social and Governance Report

We protect both internally-developed and external intellectual property rights of educational resources. Our schools have issued *Management Regulations for Teaching Materials* to ensure the textbooks used are all ordered from authorized publishers, and we have purchased online resources such as CNKI and Chaoxing for our teachers to ensure the teaching materials and educational resources they use are those with copyrights.

4.6.4 (a) How do we maintain consistent high-quality education?

To provide high-quality education service to students has always been our relentless pursuit. Firstly, our schools have formulated and implemented the *Teaching Standards for Teachers*, the *Guidance on Curriculum Revision*, the *Measures on Identification and Handling of Teaching Non-Compliance*, the *Scoring Measure on Teaching and Teaching Management* and other rules and systems. Through the management system, our schools have specified the quality standards of formulation (and revision) of cultivation proposals, formulation (and revision) of course syllabus, teaching preparation, teaching research, classroom teaching, teaching organization, after-class tutoring, homework review, teaching practices and other teaching procedures, and have formed a complete and standardized system of teaching management and teaching quality assurance, as well as handling procedures and appealing review procedures for noncompliant teachers. Secondly, periodic inspections are conducted at different phases. At the beginning of semester, our schools will carry out initial teaching examination with focus on examining the compilation of course syllabus, class preparation by teachers, teaching PPT preparation and plans for teaching research activities by the teaching research office. In the middle of semester, schools will carry out mid-term teaching examination with focus on examining the implementation of activities of the teaching research office, implementation of curriculum instruction, completion of research report and guidance on dissertation preparation. At the end of semester, schools will carry out final examination with focus on examining the content of test papers and teachers' procedural assessment on students. In addition, we will conduct online mutual evaluation on teaching and learning experience between teachers and students for every academic year and publish the year-end evaluation. Thirdly, schools will hold periodic meetings to discuss teaching quality. Through preparation of briefing reports and meetings, we receive and review feedbacks to solve the problems and improve the quality.

Our schools have formulated the *Exam Management Rules*, *Exam Paper Management Measures*, the *Student Assessment Measures* and other management systems to standardize the organization and implementation of tests and to prevent the occurrence of accidents related to security and confidentiality of examination rooms and test paper due to human error.

Environmental, Social and Governance Report

4.6.4 (b) Teaching quality management

We adhere to the "student-oriented" teaching strategies and the quality management philosophy of "continuous improvement" to build a teaching quality assurance system. The Group attaches great importance to the assurance and improvement of teaching quality; we safeguard our quality management mainly through the following two aspects:

First, to maintain a well-established management system. During the reporting period, our schools have continuously improved the management systems in educational administration, teaching operation, student registry, teaching quality, practical teaching, examination, teaching file, classroom and teacher management. For example, Shandong School has updated the Measures for the Management of Teachers' Workload (Trial), the Regular Inspection System for Teaching and Learning (Trial), the Student Teaching Informants System and Implementation Measures, and the Laboratory Safety Rating and Risk Assessment System, and other institutional documents. Zhaoqing School has refined the Administrative Measures for Undergraduate Graduation Design (Thesis) Work (Revised), the Undergraduate Graduation Design (Thesis) Preparation Standards (Revised), the Regulations on Undergraduate Programme Assessment and Grading Management (Revised), the Implementation Rules for the Awarding of Bachelor's Degrees (Revised), the Administrative Measures for Class Suspension, Adjustment and Substitution, the Measures for Organizational Structure (Trial), the Administrative Measures for the Introduction of Senior Talents (Trial), the Implementation Measures for the Dinghu Scholar Award Scheme and other administrative regulations.

Second, to optimize the process management of quality control. We constantly improve the standards of personnel training and teaching quality and optimize the quality assurance system to monitor the quality of teaching. The schools adhere to the Teaching Evaluation as the starting point, and through the combination of campus assessment and off-campus assessment, comprehensively monitor the teaching and teaching management process and constantly stabilize the teaching quality. During the reporting period, Jiangxi School, Shandong School, Chongqing School, Chengdu School. and Zhaoqing School were well received during the annual inspection organized by the competent education authorities.

In addition, we collect comprehensive data and aim to assess information validity in real time. Our schools collect the basic status data of higher education each year and report it to the education authorities. Through undergraduate data collection and in-depth analysis and summary, we timely monitor the schools' core teaching data, which has become an important basis for the summarization and adjustment of teaching policies and measures and has helped schools to improve performance to the various indicators meet or even exceed the national standards.

Environmental, Social and Governance Report

For example, during the reporting period, Chongqing School conducted a survey in respect of 68 sub-items under 6 major items (comprising school teaching work, cultivation of functional department personnel, teachers' teaching effectiveness, ideological and political education, provision of guidance and services, and cultural activities on campus), mainly targeted at the current undergraduates. A total of 23,178 valid questionnaires were collected during the annual survey, the results of which showed that student satisfaction with the overall education and teaching performance of the school reached 98.99%, of which, satisfaction with school teaching work was 99.15%, the cultivation of functional department personnel was 98.96%, teachers' teaching effectiveness was 99.61%, ideological and political education was 99.40%, cultural activities on campus was 97.85%, and guidance and services was 98.96%. Teachers' teaching effect, the ideological and political education work launched by the school, and the current teaching work have the highest student satisfaction.

For another example, during the reporting period, Guangzhou School conducted a questionnaire survey on students' learning experience covering five aspects, namely academic engagement, teaching experience, educational experience, evaluation of teachers and supporting systems. The questionnaire included 16 scale major questions, 6 non-scale choice questions, 2 open-ended questions and 7 background information-based questions. In the survey, an aggregate of about 32,000 questionnaires were collected, with about 30,000 valid questionnaires, representing a valid questionnaire rate of 95%. Based on descriptive data, Guangzhou School conducted an inferential data analysis by adopting one-way ANOVA. Through analysis, it was found that gender, enrollment way, the grade the students were in, birth rank, family address, education background of their parents, household income and type of schools have all exerted influence on the satisfaction with learning experience. Therefore, it is highly necessary to provide targeted education and assistance for students. In addition, the employment guidance centre also conducted a questionnaire survey from three aspects, namely primary employment rate, career development of previous graduates and satisfaction of employers with graduates. According to statistics, in 2023, the primary employment satisfaction of fresh graduate was 80.22%, the career development satisfaction of previous graduates was 83.77% and the satisfaction of employers with graduates was 91.36%.

In addition, the Teaching Quality Monitoring and Assessment Centre organized seminars for teachers and students, where the hygienic environment, teaching equipment, school library resources, teachers' teaching level and teaching quality, etc. were discussed. In response to students' dissatisfaction, the school will continue to improve, summarize, and improve based on the actual situation to create the best possible academic environment for teachers and students. The collection, summary and analysis of various types of data provide an important basis for schools to summarize and adjust the teaching management system and measures.

Environmental, Social and Governance Report

4.6.4 (c) Quality improvement

In order to achieve a dynamic quality control, our schools have formed a quality improvement model of timely feedback, dynamic management and continuous improvement. There are improvement procedures and mechanisms from finding problems, reporting problems, conducting rectification, reviewing rectification. For the problem of teaching quality, feedback will be provided in a timely manner, and relevant departments are required to carry out rectification. Based on the self-rectification of departments, the schools pay attention to the review of rectification. Our quality improvement of personnel training is mainly implemented in three levels: (1) Instant improvement through classroom monitoring, (2) Focused improvement through regular teaching inspections, and (3) Systematic improvement through quality evaluation. We examine and recover the teaching quality through quality improvement programmes.

Our schools have set up a teaching quality supervision department for data-led accurate monitoring and continuous improvement through information technology. The use of teaching data summarizing and analyzing the operation of the teaching quality monitoring system helps identify problems in teaching accurately, set reasonable targets in light of the current situation, and propose specific and feasible measures and methods to effectively improve the quality of education and teaching. For example, during the reporting period, Hainan School successively completed the review and evaluation work and the review, evaluation and rectification phase work. Through evaluation to promote construction, 45 professional and part-time supervisors participated in the inspection of teaching quality, attending a total of about 1,700 classes, patrolling about 1,700 classes, and spot checking 482 test papers, about 1,200 graduation theses and about 1,600 teaching materials. For another example, in current academic year, Guangzhou School carried out a series of review and evaluation work and teaching quality inspection activities, organized secondary colleges to carry out self-inspection on about 24,000 course files for five semesters from September 2021 to December 2023, and organized professional and part-time teaching supervisors at school and college level to conduct spot check on 190-course examination papers for five semesters from September 2021 to December 2023. It also organized 79 external evaluation experts to inspect the graduation design (theses) of 2024, and organized 79 teaching supervisors at school and college level to carry out special inspection on 747 textbooks and 178 centralized practice courses used by the school. A series of teaching quality inspection measures adopted in the review, evaluation and assessment work have strengthened the monitoring and guidance of teaching quality, which will certainly promote the continuous improvement of school teaching quality and contribute to the cultivation of more high-quality application-oriented talents. The evaluation of teaching quality by students may update the school with the effect of classroom teaching and strengthen the monitoring of and guidance on teaching quality in a targeted manner, hence an important channel for two-way communication and information feedback between teachers and students, as well as a positive impetus for the mutual progress of teachers and students.

Environmental, Social and Governance Report



For another example, at Sichuan School, 38 professional and part-time supervisors participated in the teaching quality inspection, and about 2,700 teachers were inspected, including about 400 in high-level classes, about 1,100 in two-course design inspections, and about 1,200 in ordinary classes. About 2,800 class attending forms were filled in, and more than 400 feedback questions were accumulated. The school has implemented the comprehensive evaluation system of teaching quality for 19 years, realizing the full coverage of classes randomly attended by leaders, supervisors and peers and teaching process evaluation for each teacher every year, which is linked to the year-end assessment, effectively activating the quality awareness of teachers. Moreover, the school held semester supervision summary meeting attended by the principal and the party secretary and other school leaders.



Environmental, Social and Governance Report

Jiangxi School completed the preparation work related to undergraduate education and teaching review and evaluation in the preparation stage for 2024 university review and evaluation, checking a total of about 12,000 undergraduate course examination papers, about 23,000 undergraduate graduation theses, about 1,100 practical teaching reports, about 19,000 graduation practice materials, about 39,000 experimental reports and about 5,400 teaching management files.

4.6.4 (d) How do we ensure the physical health and safety of students?

In order to ensure the safe and stable development of students, our schools have issued the *Student Management Rules*, the *Measures on Assessment of Comprehensive Quality of Students*, the *Rules on Management of Class Attendance Rate*, the *Handling methods for students' violation of discipline*, the *Rules on Leave Application of Students*, the *Student Apartment Management Rules*, the *Housekeeping Standards in Student Dormitory*, and other management rules to regulate and procure our students to develop good, healthy behavior and habits during their time at school. At the same time, some schools built new fitness facilities and provided relevant venues and institutions to guide students to develop good fitness habits and enrich their after-class life.

For example, Jiangxi School built a batch of new open fitness facilities on the first floor of some student dormitories in the summer of 2024 to provide students with all-weather free exercise conditions, encourage students to develop good exercise habits after class and enrich their after-class life. Meanwhile, the school established a vigorous campus fitness association to provide standardized guidance for students' fitness exercise for the purpose of both serving students and doing exercise in a win-win situation.

For another example, at Guangzhou School, "one-stop" student community gridding management mode was implemented in its student apartments. Under the leadership and guidance of the student apartment service center of the student office, each management work of apartments was completed jointly by floor leaders and dormitory leaders of students. The school has formulated the management regulations of the Detailed Rules for the Implementation of the System of Building Leader and Floor Leader of Student Apartments (Trial), and carries out the evaluation of "civilized dormitories" and the creation of "characteristic dormitories" every year to guide students to give full play to their subjective initiative. Through the evaluation of dormitory internal hygiene, students are cultivated to develop good hygiene habits and living habits.

Environmental, Social and Governance Report



To ensure the campus safety, the schools have put great efforts in the following three aspects: firstly, focus on the management of areas with safety hazard (such as the campus gate, teaching buildings, dormitories and canteens) and assign security guards to patrol such areas; in addition, the schools conduct special inspection before and during major events, festivals and socially sensitive periods to eliminate security and safety hazard. Secondly, strengthen the technical protection facilities. For example, at Shaanxi School, its existing monitoring facilities system realized coverage rate of more than 95% of monitoring area and had 905 existing monitoring points. The three-dimensional security system covering the whole school was basically completed, implementing centralized monitoring, storage and management. Monitors conducted 24-hour uninterrupted monitoring management mode, effectively protecting campus security. For another example, Zhengzhou School effectively strengthened the construction of school police office, using school one-key alarm system and electronic fence intrusion alarm system to realize rapid linkage between school and police; at the same time, it vigorously popularized campus 110 alarm telephone, and set up special personnel to be responsible for 24-hour duty. Once an abnormality occurs, they can respond quickly and deal with it in time, creating a good campus safety environment. Thirdly, strengthening the human defense force. For example, the security personnel at Guangzhou Technician School implement 24-hour patrolling system. All security personnel regularly receive physical training and professional skills training, and carries out training on anti-terrorism and anti-riot skills no less than twice per semester; from time to time, emergency small units shall be trained after emergency muster to ensure complete equipment and rapid response, laying a solid foundation for handling anti-terrorism and anti-riot emergencies.

Environmental, Social and Governance Report

Our schools organize safety education activities such as legal knowledge workshop, fire drills and safety knowledge promotion for our teachers and students throughout the year. For example, Shandong School organizes a series of publicity activities such as “safety production month”, “disaster prevention and mitigation” and “fire publicity month” in May, June and November every year to popularize safety knowledge for teachers and students; invites police officers and bank staff to the school to hold “anti-telecom fraud” lecture to enhance the anti-fraud awareness of teachers and students; and has fire safety education classes for new students and new staff, includes safety education into routine work, and regularly organizes safety education thematic class meetings such as fire, traffic, drowning prevention, bullying prevention and telecommunication fraud prevention to effectively raise the awareness and prevention ability of teachers and students. In the 2023–2024 academic year, 16 fire safety trainings and fire evacuation drills were organized for teachers and students, with about more than 5,000 participants.

Another example is Guangzhou School organizes thematic class meetings and a series of activities such as “everyone stresses safety, everyone masters emergency response — open up the life channel” (人人講安全、個個會應急 — 暢通生命通道), “100 days action for safety” (安全百日行), “safety production month” and “everyone talks about safety production” (安全生產大家談) in March and November every year; carries out safety education activities through meetings and lectures in respect of “national security”, “disaster prevention and mitigation”, “anti-fraud publicity”, “anti-terrorism and anti-riot drill”, “emergency evacuation drill”, “fire drill”, “law publicity”, “anti-network fraud” and prevention of campus “trap loan”; and conducts special safety and legal knowledge education on national security, civil code, drug control, flood prevention, drowning prevention, traffic safety, disaster prevention and mitigation, traditional culture knowledge, copyright knowledge and the constitution from April to December every year.

For another example, Chongqing School organized law popularization activities, including the thematic class meeting on the “legal publicity and safety education month”, the online learning assessment of “little guardian of the constitution” (憲法小衛士), the legal literacy competition of colleges and universities, the speech contest, the “constitution morning reading” (憲法晨讀) and the recording of the song video of “we grow with the constitution” (《憲法伴我們成長》) to guide the students to pay attention to social justice issues and actively participate in social affairs, making it rank fifth among the universities in Chongqing. For the activity of “Learning the Constitution and Speaking the Constitution” (學憲法講憲法), the school won the outstanding organization award and the first prize of team, and our students won the first prize in the municipal speech contest and the first prize in the municipal knowledge contest, which created a strong legal atmosphere in the school and strengthened the overall legal level in the school.

Environmental, Social and Governance Report

The Group attaches great importance to food safety. We conduct daily inspection on the canteens in schools. The inspection covers food ingredient procurement and documentation, utensils sterilization and recording and food ingredient storage, etc. Meanwhile we maintain a good document filing and sorting system (for food safety database). For example, Guangzhou School appointed one food safety director and three senior food safety officers. Each canteen was internally equipped with at least one senior food safety administrator responsible for daily supervision of the canteen, who carried out daily supervision of canteen environmental cleaning and disinfection, raw material procurement, warehousing management, certificate and ticket collection, food processing, tableware washing and disinfection, food sample retention and other key links, weekly investigation and rectification of potential food safety hazards in each canteen, and monthly organization of special food safety inspections and holding of food safety scheduling meetings together with meal committee and staff representatives. The school paid attention to the feedback of students to catering, realized universal supervision, and carried out co-management by both teachers and students. All canteens of the school have realized full coverage of "Internet + Bright Kitchen", making their monitoring connect to the unified supervision platform of Department of Education of Guangdong Province, thus realizing the combination of human and technical prevention and all-round supervision without dead corners, and ensuring the food quality of the canteens and the food safety for teachers and students.

For another example, Chengdu School was equipped with food safety directors and food safety officers in strict accordance with the Regulations on Supervision and Administration of the Implementation of Food Safety Entity Responsibility by Enterprises, and did a good job of "daily control, weekly inspection and monthly scheduling". According to the document requirements of the Department of Education of the province, "Bright Kitchen + Internet" was established to comprehensively monitor the dining area and food processing area in the canteen, display the food processing process through the bright kitchen display screen, upload food safety information, accept the supervision and management of the superior department, and carry out special food safety inspections from time to time.

Environmental, Social and Governance Report

4.6.4 (e) How do we ensure the psychological health of students?

The Group strikes to promote students' all-round and healthy development especially in mental health and good social adaptability training. For example, Jiangxi School listed "Physiological and Mental Health Education" as a mandatory course to achieve full coverage of students' mental health education and teaching; at the same time, the school carried out a series of activities of May 25 Mental Health Education Month with the theme of "Walking Together and Growing Happily" (潤心同行•陽光成長), including "Top Ten Psychological Committee" selection, psychological micro-film competition, psychological world DIY, psychological decompression exercise, psychological quality development competition, etc.; continued to promote publicity of psychological knowledge and published more than 200 relevant articles on its public account; held 16 expert lectures; established an off-campus psychological development base; conducted a psychological survey of more than 40,000 students from March to April 2024, and established a "one book for one student" (一生一冊) growth file; collected 2,420 class psychological barometers reported by psychological committees of all grades, with the list of key support objects of each college totaling about 1,100 person-times. For key students, through the "school-college-class-dormitory" four-level crisis early warning intervention system, the psychological crisis risk was reduced, which provided a firm foundation for enhancing the effectiveness of mental health education.

For another example, the Peer Psychological Mutual Aid Association (朋輩心理互助社) at Hainan School was successfully selected as one of the 100 national college student mental health associations directly contacted and tracked by the Central Commission of the Communist Youth League, and participated in the "12355 Love 'Heart' 100 Schools Action" (12355愛『心』百校行) activity held by the Juvenile Rights and Interests Department of the Central Commission of the Communist Youth League and the Secretariat of the All-China Students' Federation in Nanjing, Jiangsu Province in May 2024. The school center also actively participated in national psychological activities as a member of the Research Cooperation Group of the National College Psychology Committee (全國高校心理委員研究協作組). Through these activities and measures, Haikou School continued to strengthen the mental health education, providing strong support and guarantee for the healthy growth of the students.



Environmental, Social and Governance Report

Another example is Yantai School conducted the mental health assessment for college students in the autumn of 2023, and organized the psychological survey for all students in the spring of 2024. The school organized the World AIDS "I am the leader of my youth — Red Ribbon Campus Health Tour" (美好青春我做主·紅絲帶青春校園行) activity on 1 December 2023 to distribute AIDS prevention brochures; held a forum on mental health of female college students on Women's Day in 2024; formulated the Disciplinary Punishment Regulations for Students (Revised) to improve the process of revoking disciplinary punishment of the students; organized the compilation of the Student Handbook (2024 edition) for learning by new students during the orientation education; and improved the system documents such as the Measures for Recommending Outstanding Graduates at the Provincial Level (Revised), the Measures for Evaluating Outstanding Graduates and the Measures for the Implementation of Comprehensive Student Assessment.



4.6.5 (a) Consumer and employee data protection and privacy policy

The Group strictly implements the Provisions on the Administration of Internet Forum and Community Services, the Provisions on the Administration of Internet Comments Posting Services and the Provisions on the Administration of Internet Group Information Services. The service providers of Internet forum community, comments posting, and group information shall take necessary measures to protect the safety of the personal information of users and shall not disclose, falsify, damage or illegally sell or provided such information to others. We strictly follow the relevant national laws and regulations related to the protection of personal information, especially for works that involving personal information of teachers and students, and the privacies of them and their families shall not be involved. For the promotion that involve teachers and students, we need to obtain the consents of teachers and students first. No personal sensitive information of teachers and students, such as ID number, home address, telephone number, date of birth, etc., shall be released to the public. The Group and its subsidiary schools do not rent, sell or provide students and employee data to third parties for purpose other than legitimate business needs.

Environmental, Social and Governance Report

To ensure the personal data safety of students and safeguard the safety and interests of the Group, the Group and its member schools strictly implement the requirements of the *Notice on Prohibiting Publicizing Sensitive Personal Information of Teachers and Students*, as well as the *Student Management Provisions*, the *Implementing Rules for the Management of Teaching Archives*, the *Administrative Measures for Informatization Data* and the *Administrative Measures for the Change of Basic Information of Students' Enrollment Status* issued by the schools, to protect personal information security. We also have signed confidentiality agreements with staff who involved in the safety and privacy of student information, effectively protects the privacy of students and the Group from information leakage in any form. In addition, each school will also conduct regular training to educate teachers and employees to strictly abide confidentiality obligations and respect student privacy. We strictly implement our work according to the rules and regulations. For student-related information, we set permissions according to different levels of confidentiality with no one has the permission to read and use. If the privacy of the students and the Group is leaked, the Group will promptly take remedial actions and penalize the responsible individuals accordingly.

4.6.5 (b) Critical data protection and back-up

The Group attaches great importance to data protection and issues the *Corporate Information Security Management Regulation*, which takes strict protection measures for critical data and is committed to creating a secure and stable data environment. In order to ensure the safety and stability of critical data of the Group, critical operation, accounting, personnel and asset information of the Group and its member schools must be handled in the ERP system, and relevant departments of the Group are responsible for the access control. In addition, the Group Information Department takes a variety of security measures for the data center, such as deploying SSL VPN, deploying security group strategy, data backup in two cities, and keeping 180 days of logs according to the national requirements, etc.

4.7 Anti-corruption

4.7.1 General

The Group is committed to maintaining high standards of integrity and ethical business practices and firmly resists bribery, extortion, fraud, money laundering and other illegal acts, that may harm the interests of our customers and the Group. The Group strictly abides by national and regional anticorruption laws and regulations, including the *PRC Criminal Law*, the *PRC Anti-Money Laundering Law*, the *PRC Anti-unfair Competition Law*, the *PRC Securities Law*, and the *PRC Criminal Procedure Law* and the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Embezzlement and Bribery*, etc. We also formulated internal policies, such as *Notice on the Duties of the Printing Department (Compilation)* and the *Provisions on Employees' Compensation and Penalty*, *Notice on Prohibition of Accepting Gifts, Gift Money and Flowers* and *Honesty and Self-discipline Commitment of the Faculty*, in order to regulate the professional behaviors and professional ethics of all employees of the Group, to establish a good atmosphere of integrity and diligence and to prevent frauds. The

Environmental, Social and Governance Report

management of the Group is committed to preventing, deterring, detecting and investigating all forms of fraudulent practices, upholding business ethics and honesty, pursuing high standards of integrity, resisting illegal acts such as bribery, extortion, fraud and money laundering, and prohibiting any practices that may damage the reputation and interests of the Group. The Group has established and issued the "Anti-Fraud Policy of China Education Group Holdings Limited" and "Whistleblowing Policy of China Education Group Holdings Limited", and organized employees in key positions to sign the "Honesty and Self-discipline Commitment" and receive regular training on anti-corruption and internal control to strengthen the Group's integrity development and enhance the faculty's awareness of honesty and self-discipline.



We have included the rules on integrity and self-discipline as the teaching staff's professional ethics and code of conduct in the relevant human resource policies. Integrity and self-discipline are not only important factors in selection and appointment of middle management for our schools, but also part of year-end evaluation. The compliance of integrity and self-discipline is also an important part of the evaluation, the results of which are correlated to bonuses.

During the reporting period, the Group and our employees did not involve any cases related to bribery, extortion, fraud, or money laundering.

Environmental, Social and Governance Report

4.7.2 Preventive measures and whistle-blowing procedures, and related implementation and monitoring methods

For bribery, extortion, fraud and money laundering, the Group takes precautionary measures as the main measure and monitoring/reporting as the supplementary measures.

The precautionary measures include:

- The integrity and self-discipline education is included in the employee training plan and regular training at most of our schools. The heads of the departments in relation of party and administration matters and departmental cadres of designed entities shall regularly talk with employees. Meanwhile, senior management shall carry out conversations with employees who show signs of violating the regulations or committed violation.
- Establish and improve internal control for accounting, finance and assets, aims to prevent and resolve issues as early as possible. For general issues, we will warn and educate the relevant persons in timely manner and fully use methods such as inquiry letters, persuading talks and organization processing. For issues which have shown signs or tendency, we will handle them as early as possible and prevent the minor issues from becoming serious mistakes.

The monitoring/reporting measures:

- The whistle-blower can use report mailbox, WeChat, QQ, telephone, telegrams, letters, face to face reports, etc., or can entrust others to report. The whistle-blower should, as far as possible, truthfully inform the supervisory authority of the alleged wrongdoer's name, department, and the specific circumstances and evidence of violations. Upon receiving the relevant reporting, the Supervision and Audit Department of the Group and the schools will carry out investigations, and, once verified, submit their opinions on handling the case to the senior management of the Group and school leaders for approval and enforcement, or refer to the judicial authorities for handling for any illegal or criminal acts. Those who intentionally fabricate facts by means of reports, falsely accuse others, or create troubles in the name of reports, interfere with the normal work of the supervisory authority, will be severely dealt with in accordance with relevant regulations, and in the case of constituting a crime, they shall be transferred to judicial authority for handling.

Environmental, Social and Governance Report

4.7.3 Description of anti-corruption training provided to directors and staff

During the reporting period, the anti-corruption training we provided to directors and employees mainly included:

Anti-corruption training provided	Training objectives/contents
Warning film education, professional lecture delivered by professionals	Employees should clearly understand the Group's anti-corruption policy and the importance of such policy
New recruits are required to receive anti-corruption education and training	Same as above
Conduct regular training on internal audit	Ensure the Group's internal control system effectively prevent potential corruption risks
"Honesty and integrity" is one of a compulsory assessment components in the employee annual performance appraisal	Aim to improve the integrity awareness of our employees through such assessment
Carry out anti-fraud and whistle-blowing policy presentations	Clarify the legal red line in work and publicize the conditions, methods and contents of whistle-blowing of the Group to create a good operating environment for anti-corruption and integrity promotion

4.8 Community Investment

4.8.1 General

Our schools have always adhered to the fundamental principle of "Educating People with Good Morals" to realize the well-rounded and comprehensive education, focusing on the growth of students, strengthening the education of ideals and beliefs of students, and continuously improving the sense of social responsibility and historical mission of students. During the reporting period, our schools have developed/refined and implemented a variety of policies that considered the interests of local communities, and organized a large number of social practice and volunteer service activities for teachers and students.

For example, Jiangxi School carried out social practices such as "San Xia Xiang" (三下乡), "10,000 College Students into 10,000 Stations" (萬名大學生進千站), "Returning Home" (返家鄉) and "Sailing Plan" (揚帆計劃) government affairs practice, and a total of 70 practice teams and 788 teachers and students participated in these activities. The school conducted 257 special social research, volunteer services in village communities and agricultural assistance practices, held more than 120 volunteer lectures, visited 182 red education bases, carried out 368 volunteer services at all levels, with about 19,000 participants. The school was selected as the first batch of the youth volunteer service stations for colleges and universities in the province, and its anti-drug volunteer service project won the gold medal of the 4th Jiangxi Province Volunteer Service Project Competition.

Environmental, Social and Governance Report

For another example, the Youth Volunteer Association of Shandong School attracts more than 200 new volunteers every year, and organizes activities such as “Clothing Donation to the West” (西部捐衣), “Red Cross Ambulance Worker Training” and “AIDS Prevention Lectures” with Penglai Love Volunteer Association and Penglai Blue Sky Rescue Team (蓬萊藍天救援). The school has promoted the integration of “millions of college students into the community” with San Xia Xiang activity. In the “San Xia Xiang” volunteer service activities, four premium volunteer service teams were established, organized 7 forums, seminars and conferences, and prepared 2 high-quality research reports under the guidance of 12 lead teachers.

4.8.2 Community contribution

During the reporting period, while the Group has operated in compliance with laws and integrity, it also has actively implemented corporate social responsibility in its respective communities and made great contributions to the development of community public welfare. For example, during the reporting period, the Group organized a number of social work events such as voluntary service at the local community and voluntary service activities for left-behind children, 49 blood donation events which received 2,300,000ml blood donated from over 4,600 teachers and students. Below are some of the highlights:

Guangzhou School: set up 91 social practice teams, 2 “high-quality development project in counties, towns and villages” (百千萬工程) commando workstations, and was awarded the “Outstanding Organization Unit” for provincial social practice. The “Prosperity with peach — new e-commerce to help sell Wengyuan characteristics Jiuxian peach” (《攜桃奔富 — 以新電商助銷翁源特色九仙桃》) project won the “Excellent Brand Project” in Guangdong Province, 4 practice groups won the “Excellent Team” in Guangdong Province, and 6 people won the “Outstanding Individual” in Guangdong Province. The school organized 4 blood donation activities, participated by more than 1,348 teachers and students, donating blood of 402,600ml. Two volunteer service projects were approved at the provincial level and received project funding of RMB10,000.

Environmental, Social and Governance Report

Zhaoqing School: organized a number of social practice activities in the summer of 2024, such as the "Cloud Volunteer Teaching Together", "San Xia Xiang" in summer and other volunteer service activities, participated by 235 teams comprised of more than 2,000 teachers and students, and went to Xinjiang, Fujian and Guangdong to carry out volunteer services, of which one team was selected as the national college students summer social practice volunteer service team of the Ministry of Education's "Public Welfare Program on Rural Revitalization" (推普助力乡村振兴), 13 teams were selected as the national college students social practice special team of the central committee of China Communist Youth League; and organized 7 blood donation activities, participated by more than 1,300 teachers and students, donating blood of 340,000ml. During the year, the school signed the co-construction agreement for the "high-quality development project in counties, towns and villages" and set up workstations in Shapu Town and Lianhua Town, Dinghu District, Zhaoqing City, Guangdong Province.



Chongqing School: organized 8 blood donation activities, participated by 402 teachers and students, donating blood of 103,000ml, and 62 teachers and students became the hematopoietic stem cell donation volunteers; organized more than 20 volunteer service activities at nursing homes and youth homes, covering many communities in Qijiang and Yubei; carried out 2 clothes recycling activities, and 4,000 used clothes from 1,081 teachers and students were received; and 20 teams comprised of teachers and students were organized to carry out the San Xia Xiang "social practice activity" in Chongqing City, Sichuan Province, Guizhou Province and other places in summer. The San Xia Xiang activity in the summer of 2023 won 31 national awards and 9 municipal awards, including "San Xia Xiang on Camera" and "1,000 Schools and 1,000 Projects", ranking among the top 100 college student summer practical achievements for two consecutive years.

Environmental, Social and Governance Report



Shandong School: organized 4 teams in the San Xia Xiang activity in summer vocation of 2023–2024 academic year comprised of more than 200 students. In particular, the Data Intelligence team was awarded one of key teams in the culture, science and hygiene “San Xia Xiang” social practice activity for college students in summer vacation of 2024 during the “Research in Shandong Province” (调研山东). 281 teachers and students participated in the blood donation activity, donating blood of 87,000ml, with more than 10 nursing home service activities organized; carried out 2 clothes donation activities for Western China, more than 10,000 used clothes were received; 4 teams were organized to carry out the “San Xia Xiang” social practice activity in 4 regions respectively in summer.



Environmental, Social and Governance Report

Guangzhou Polytechnic School: achieved materialization of practical projects through “community service needs, social practice projects and brand projects creation”. It has created a characteristic community service brand that meets the needs of the community, and promoted the integration of “millions of college students into the community” with San Xia Xiang activity. In the “San Xia Xiang” volunteer service activities, eight premium volunteer service teams were established. In particular, the Walking with “Love” and Building your Dream in the Rural Area (與「愛」同行·築夢鄉村) practice team set 28 curriculums including waste classification, games for infants, paint fan making and drowning prevention teaching, attracting more than 300 adolescents and children.



Environmental, Social and Governance Report

5. APPENDIX

ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✗) with remark
A. Environmental		
Aspect A1. Emissions		
General Disclosure	Policies and 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	✓, section 3.1.1
KPI A1.1	The types of emissions and respective emissions data	✓, section 3.1.2
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	✓, section 3.1.3
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	✓, section 3.1.2
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	✓, section 3.1.2
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	✓, section 3.1.4
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	
Aspect A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	✓, section 3.2.1
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	✓, section 3.2.2
KPI A2.2	Water consumption in total and intensity	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	✓, section 3.2.3
KPI 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	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	✓, section 3.2.4
Aspect A3. The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	✓, section 3.3.1
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	✓, section 3.3.2
Aspect 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	✓, section 3.4.1
KPI 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	✓, section 3.4.2

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✗) with remark
B. Social		
Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure	Policies and 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	✓, section 4.1.1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	✓, section 4.1.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region	✓, section 4.1.3
Aspect B2. Health and Safety		
General Disclosure	Policies and 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	✓, section 4.2.1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	✓, section 4.2.2
KPI B2.2	Lost days due to work injury	✓, section 4.2.3
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	✓, section 4.2.4
Aspect B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	✓, section 4.3.1
KPI B3.1	The percentage of employees trained by gender and employee category	✓, section 4.3.2
KPI B3.2	The average training hours completed per employee by gender and employee category	✓, section 4.3.3
Aspect B4. Labour Standards		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	✓, section 4.4.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	✓, section 4.4.2
KPI B4.2	Description of steps taken to eliminate such practices when discovered	
Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	✓, section 4.5.1
KPI B5.1	Number of suppliers by geographical region	✓, section 4.5.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	✓, section 4.5.3
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	✓, section 4.5.4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	✓, section 4.5.5

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✗) with remark
Aspect B6. Product Responsibility		
General Disclosure	Policies and 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 methods of redress	✓, section 4.6.1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	✓, section 4.6.2
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	✓, section 4.6.3
KPI B6.4	Description of quality assurance process and recall procedures	✓, section 4.6.4
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	✓, section 4.6.5
Aspect B7. Anti-corruption		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	✓, section 4.7.1
KPI 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	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	✓, section 4.7.2
KPI B7.3	Description of anti-corruption training provided to directors and staff	✓, section 4.7.3
Community		
Aspect 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	✓, section 4.8.1
KPI B8.1	Focus areas of contribution	
KPI B8.2	Resources contributed to the focus area	✓, section 4.8.2

Corporate Governance Report

The Board believes that good corporate governance is essential in enhancing the confidence of the Shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Shareholders. The Company has applied the principles of the code provisions set out in the CG Code. During the year ended 31 August 2024, the Company has complied with the applicable code provisions set out in the CG Code, save and except for code provision C.2.1 of the CG Code, please refer to the "Co-Chairmen and Chief Executive Officer" section below for details.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure satisfactory and sustainable returns to Shareholders, the interests of those who deal with the Company are safeguarded, overall business risk is understood and managed appropriately, delivery of high-quality education services to our students, and high standards of ethics are maintained.

THE BOARD

The Board currently has two Executive Directors, namely Dr. Yu Kai and Mr. Wang Rui, and three INEDs, namely Dr. Gerard A. Postiglione, Dr. Rui Meng and Dr. Wu Kin Bing. All the Directors have profound knowledge and extensive experience in the business of the Group.

Structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Group and there is a strong independent element on the Board to safeguard the interests of the Shareholders.

None of the Directors has a relationship (including financial, family or other substantial or related relationship) with each other.

The profile of the Directors is set out in the "Directors and Senior Management" section of this annual report.

Responsibilities and Delegation

The Board, which is accountable to Shareholders for the long-term performance of the Company, sets the Group's overall objectives and strategies, monitors and evaluates the operating and financial performance and reviews the corporate governance practices and standard of the Group. The Board delegates the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Executive Directors and members of senior management.

Major issues of the Company which are reserved for the decision of the Board include the approval of interim and annual results of the Group, payment of dividend, approval of any transaction which is discloseable under the Listing Rules, changes in the capital structure of the Company, appointment or removal of Directors, secretary or auditors of the Company.

Corporate Governance Report

The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. The Board has also established the Audit Committee, the Nomination Committee and the Remuneration Committee to perform various responsibilities as delegated by the Board. Further details of these Board committees are set out below.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary of the Company. Directors are also able to seek independent professional advice in appropriate circumstances at the Company's expense.

Co-Chairmen and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Yu currently serves as both the Co-chairman and the Chief Executive Officer of the Company. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetization capabilities and optimizing operating efficiency of the Group. In addition, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors and three INEDs and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management levels.

The Board will continue to review and consider segregating the roles of Co-chairman and Chief Executive Officer at an appropriate time, taking into account the circumstances of the Group as a whole.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association.

In accordance with the Company's Articles of Association, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after the appointment and be subject to re-election at such meeting.

All INEDs are appointed for a specific term of three years and are subject to retirement and re-election at annual general meeting in accordance with the Company's Articles of Association.

Corporate Governance Report

Independence of INED

The role of INEDs is to provide independent and unbiased opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the Shareholders and the Group. INEDs serve actively on the Board and the Board committees to provide their independent, constructive and informed comments.

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Corporate Governance Function

The Board is primarily responsible for the corporate governance functions of the Company, to develop the policies and practices on corporate governance and the compliance with the legal and regulatory requirements, to monitor the training and continuous professional development of Directors and senior management, to develop the code of conduct and compliance manual applicable to the Directors and employees, and to review the compliance with the CG Code and the disclosure in the Corporate Governance Report.

The Board will continuously evaluate and strive for continual development and improvement in the corporate governance practices of the Group.

Board Meetings

The Board meets regularly and at least four times a year. Notice of at least 14 days in advance for the regular Board meeting is given, and the agenda together with Board papers are sent to the Directors at least three days before the intended date of Board meeting. Additional meetings with reasonable notices are held as and when the Board considers appropriate. During the year ended 31 August 2024, five Board meetings were held.

Corporate Governance Report

Attendance at Meetings

The following table shows the attendance of the Directors at the Board, Board committees and general meetings held during the year ended 31 August 2024:

Name of Directors	Number of Meetings Attended/Held				Annual General Meeting held on 30 January 2024
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Yu Guo*	4/4	–	–	1/1	1/1
Xie Ketao*	0/4	–	–	–	0/1
Yu Kai (Co-chairman and Chief Executive Officer)#	5/5	–	1/1	– ^c	1/1
Wang Rui (Co-chairman)#	5/5	–	–	–	1/1
INEDs					
Gerard A. Postiglione	5/5	4/4	1/1 ^c	1/1	1/1
Rui Meng	5/5	4/4 ^c	1/1	–	1/1
Wu Kin Bing	5/5	4/4	–	1/1	1/1

^c — Chairman of the Board committee

* resigned as Executive Director with effect from 27 June 2024

appointed as Co-chairman with effect from 27 June 2024

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing various aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are available on the websites of the Company and HKEXnews, and report to the Board on their decisions or recommendations made.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Audit Committee comprises three members, namely Dr. Rui Meng, Dr. Gerard A. Postiglione and Dr. Wu Kin Bing, all of them are INEDs. The chairman of the Audit Committee is Dr. Rui Meng who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Corporate Governance Report

The principal duties of the Audit Committee include monitoring the integrity of the financial statements, reviewing the continuing connected transaction and the Company's financial control, risk management and internal control systems. The Audit Committee also acts as an important link between the Board and the Company's external auditor.

During the year ended 31 August 2024, four Audit Committee meetings were held. The major work performed by the Audit Committee includes the approval of the terms of engagement, fees and scope of services of the external auditor, the review of the audited consolidated financial statements of the Group for the year ended 31 August 2023, the unaudited condensed consolidated results of the Group for the six months ended 29 February 2024, the 2022/2023 audit completion report, the 2023/2024 interim review completion report, the continuing connected transactions, the work progress of the internal audit plan, the financial control, risk management and internal control systems of the Group, the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions of the Group, the whistle-blowing cases and the process to deal with concerns/complaint about possible improprieties in any matters related to the Group, the assessment of the independence of the external auditor and the recommendation to the Board on re-appointment of the external auditor. The Audit Committee had a private session with the external auditor in the absence of management.

Remuneration Committee

The Remuneration Committee comprises two INEDs, namely Dr. Gerard A. Postiglione and Dr. Rui Meng, and one Executive Director, namely Dr. Yu Kai. The chairman of the Remuneration Committee is Dr. Gerard A. Postiglione and majority of the members are INEDs.

The principal duties of the Remuneration Committee are to make recommendations to the Board in determining the policy and structure for the remuneration of Directors and senior management, on the remuneration packages of Executive Directors and senior management, on the remuneration of Non-Executive Directors and to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time.

During the year ended 31 August 2024, one Remuneration Committee meeting was held. The major work performed by the Remuneration Committee includes the review of the performance condition and approval of the vesting of share options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, the review of the policy and structure of the remuneration of the Directors and senior management, the remuneration package of the Executive Directors and senior management and the remuneration of the INEDs.

Nomination Committee

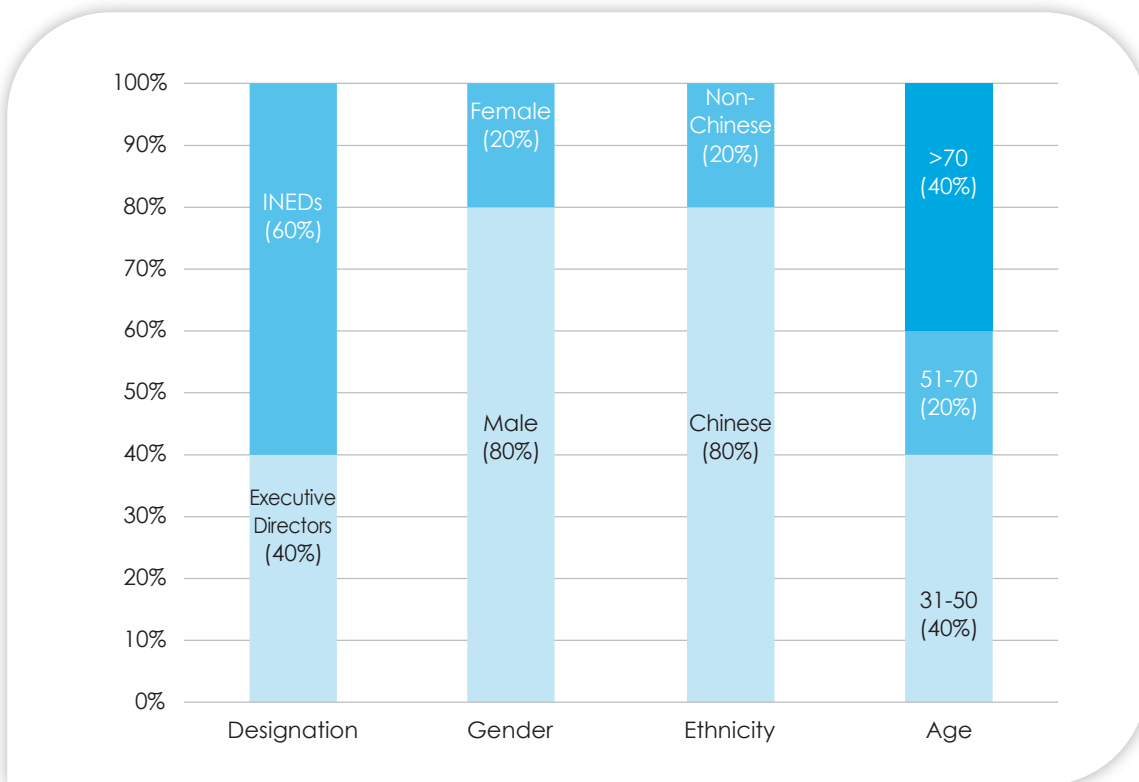
The Nomination Committee comprises one Executive Director, namely Dr. Yu Kai and two INEDs, namely Dr. Gerard A. Postiglione and Dr. Wu Kin Bing. The chairman of the Nomination Committee is Dr. Yu Kai and majority of the members are INEDs.

The principal duties of the Nomination Committee are to formulate and review the nomination and Board diversity policies, review the size, structure and composition of the Board, assess the independence of INEDs, and to make recommendations to the Board on appointment or re-appointment of Directors and Board succession planning.

Corporate Governance Report

The Company's Board diversity policy ensures that the Company will consider Board diversity in terms of, among other factors, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, when determining the composition of the Board, although Board appointment will be ultimately based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee monitors the implementation of the Board diversity policy and will review the policy from time to time to ensure its continued effectiveness.

The following chart shows the diversity profile of the Board as at the date of this annual report:



As at the date of this report, the Board comprises one female Director and four male Directors. The Board considers that the gender diversity in respect of the Board is satisfactory and will continue to maintain a diverse Board. For details of gender diversity at the workforce level, please refer to the "Environmental, Social and Governance Report" section from pages 21 to 86 of this annual report. If additional or replacement Director is required, the Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Company's Board diversity policy and nomination policy.

The Company's nomination policy sets out the key selection criteria and nomination procedures. Nomination shall be made in accordance with the nomination policy and take into account the diversity aspects as set out under the Board diversity policy. In assessing the suitability of a candidate, factors including but not limited to the reputation for integrity, accomplishment and experience in the education industry, commitment in respect of sufficient time and relevant interest, diversity in all aspects, etc. will be considered. When the need to select or nominate Director arises, the Nomination Committee shall identify the suitable candidate and make recommendation to the Board for consideration and approval. In case of re-appointment of a retiring Director who, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, make recommendation to the Board for consideration.

Corporate Governance Report

During the year ended 31 August 2024, one Nomination Committee meeting was held to review the structure, size and composition of the Board, assess the independence of each INED and recommend to the Board on the re-election of the Directors retiring at the annual general meeting of the Company. The appointment was subject to nomination process in accordance with the Company's Board diversity policy and nomination policy.

The Nomination Committee also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. The Board comprises three INEDs out of five Directors, representing more than one-third of the Board. All INEDs have devoted sufficient time to attend all the Board meetings and all the committee meetings which he/she is a member and have shared their views and opinions through the meetings. The Co-chairmen also have a private meeting with INEDs without the presence of other Directors to listen the independent views on issues concerning the Group. Upon reasonable request, independent professional advice would be provided to the INEDs to assist them to perform their duties to the Company. Taking into account of the above channels, the Nomination Committee considered that the mechanisms remain effective.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration package of the Directors is backed up by formal and transparent policy. Directors are fairly paid and their remunerations are commensurate with their experiences, responsibilities, workloads, performances, as well as Group's performance. No Director is involved in deciding his/her own remuneration. While the Company maintains a competitive remuneration level to attract and retain Directors to run the Company successfully, it strictly enforces the Director remuneration policy and budgets carefully without paying the Directors more than necessary.

Details of the emoluments paid or payable to the Directors for the year ended 31 August 2024 are set out in note 11 to the consolidated financial statements.

The remuneration paid or payable to the senior management (excluding the Directors) by band for the year ended 31 August 2024 is set out below:

Remuneration Bands	Number of Employees
HK\$500,001 — HK\$1,000,000	0
HK\$1,000,001 — HK\$1,500,000	3
HK\$1,500,001 — HK\$2,000,000	0

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Group's code of conduct to regulate the securities transactions of the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 August 2024. The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the year.

Corporate Governance Report

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

The Company periodically organises training courses and/or provides reading materials for the Directors, senior management and staff to develop and refresh their knowledge in areas which are relevant to the performance of their daily duties and the growth of the business of the Group under the changing economic environment. Newly appointed Director is provided with induction materials to ensure that he/she has a proper understanding of his/her responsibilities under the relevant laws, rules and regulations.

During the year ended 31 August 2024, the Company organised training courses and/or provided reading materials to the Directors, senior management and the staff of the Group. The training received by the Directors during the year is as follows:

Name of Directors	Training on directors' duties, risk management and internal control, corporate governance and regulatory update
Executive Directors	
Yu Guo*	✓
Xie Ketao*	✓
Yu Kai (Co-chairman and Chief Executive Officer)#	✓
Wang Rui (Co-chairman)#	✓
INEDs	
Gerard A. Postiglione	✓
Rui Meng	✓
Wu Kin Bing	✓

* resigned as Executive Director with effect from 27 June 2024

appointed as Co-chairmen with effect from 27 June 2024

DIRECTORS' AND AUDITOR'S 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 of the Company for the year ended 31 August 2024.

Corporate Governance Report

Deloitte Touche Tohmatsu, the auditor of the Company, has acknowledged its responsibilities in the independent auditor's report on the consolidated financial statements for the year ended 31 August 2024.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

For the year ended 31 August 2024, professional fees paid or payable to Deloitte Touche Tohmatsu, the auditor of the Company, for audit and non-audit services provided to the Group are as follows:

Services	Fees charged RMB'000
Audit services	
Audit services	5,189
Non-audit services	
Interim review	2,060
Contractual arrangement review	150
Preliminary announcement review	100
Tax compliance services	160
Total	2,470

COMPANY SECRETARY

Mr. Chan Yuen Fung ("Mr. Chan") is currently the company secretary of the Company. Mr. Chan is a full-time employee of the Company and reports to the Co-chairmen and the Chief Executive Officer of the Company on corporate governance issues.

Mr. Chan is a member of The Hong Kong Institute of Certified Public Accountants. Mr. Chan meets the qualification requirements under Rule 3.28 of the Listing Rules.

Mr. Chan confirmed that he had taken no less than 15 hours of relevant professional training for the year ended 31 August 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the risk management and internal control systems to ensure operational compliance of schools, accurate financial reporting, asset security and enhanced operational efficiency. The internal control review covers major financial, operational, compliance control and risk management. Major decisions such as the expansion of school networks are subject to the approval of the Board.

The Audit Committee reviews the financial controls, risk management and internal control systems of the Group, including major investigation findings and response of the management. The Committee also reviews the work of external auditors and communicates with the management before reporting to the Board.

Corporate Governance Report

The internal audit team of the Group assesses the effectiveness of the risk management and internal control systems independently and reports to the Audit Committee and the Board. The Group provides guidance to schools on the development of internal control manuals covering governance, operations, management, law, finance and audit, and manages the approval and audit process. The Group also formulates policies on property acquisition and leasing and purchases insurance policies aligning with industry practices.

The Group is committed to improving the internal control and risk management systems, optimising process controls and effectively preventing risks. The Group provides continuous guidance and supervision on the internal control system of schools and has established a three-level inspection mechanism to ensure the effective operation of the internal control system. Through internal audits, the Group assesses the effectiveness of school activities and risk management and makes recommendations for improvement. Where necessary, external experts are engaged and training is provided to ensure that Directors and employees are up-to-date with the latest regulations.

The Group enhances internal control and risk management through comprehensive budget management and information technology. Member schools strengthen their financial risk control, clarify their approval processes and make use of information technology to carry out comprehensive budget management. With its "digital strategy", the Group aims to build three core platforms, namely the Cloud Data Centre, Application Cloud and Data Cloud platforms, to enhance management efficiency. Through the SaaS cloud platform, facial recognition and intelligent service platform, the Group has enhanced its information technology and intelligent management.

The internal control system of the Group comprises the three lines of defence, a clear authority and responsibility structure and the ERP system. A president accountability system under the leadership of the Board has been adopted across our schools, with the president responsible for day-to-day management under the assistance of the vice president. The board of directors of each school is responsible for the overall management and decision-making of the school, and reports to the Group on a regular basis. Each school has a dedicated person to oversee the compliance with regulations and has a contingency mechanism in place as well.

A teaching management and quality supervision organisation has been set up in our schools for the development of quality supervision mechanism and promotion of teaching reform to improve student skills. Besides, a feedback mechanism has been developed for student assessment and teacher evaluation in order to realise continuous improvement.

There are counsellors in our schools providing assistance in all aspects of education and life of students, and inspecting dormitories on a regular basis. The establishment of a complaint channel is aimed to address complaints from students by the working group.

The Group manages the processing of information in accordance with the "Guidelines on Disclosure of Inside Information" to ensure confidentiality. The Group also strengthens the building of a culture of integrity by formulating anti-fraud policies to improve integrity awareness.

The Board reviews the effectiveness of the internal control and risk management systems and assesses the adequacy of resources, employee qualifications, training and budget annually. The Audit Committee has confirmed that the systems are effective and the resources and budget are adequate as at 31 August 2024.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables Shareholders and investors to make the best investment decision. The Company has adopted a Shareholders' Communication Policy and will review the implementation and effectiveness of the Shareholders' Communication Policy conducted at least once in a financial year.

The Company's website serves as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. To facilitate communication between the Company and the investment community, the Company conducts briefings and meetings with institutional investors and analysts on a regular basis as well as media interviews and roadshows to provide up-to-date and comprehensive information of the Company. The Company also values the annual general meeting which is an important annual event for the Directors to have face-to-face interaction with the Shareholders. All the Board members and the representative of the external auditor attend the meeting and answer questions raised by the Shareholders.

Subsequent to the publication of the annual and interim results announcements, the Group arranges press conferences, analyst briefings, roadshows and media interviews, which our Chief Executive Officer, Chief Financial Officer and investor relations team provide briefing on the operating results and development of the Group and address to the queries of the investors and analysts. In addition to the investor relations' activities held immediately after the publication of the annual and interim results announcements, the Group also conducts face-to-face and virtual meetings, including one-on-one calls with investors and analysts and investor calls with group of investors, attend investor conference arranged by banks/brokers and publish press release and corporate communications from time to time during the financial year.

The Board has reviewed the Group's shareholders and communication activities conducted during the year ended 31 August 2024 and is satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

SHAREHOLDERS' RIGHTS

Propose a Person for Election as a Director

Pursuant to Article 113 of the Company's Articles of Associations, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal office of the Company. The period for lodgement of the notices will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's principal office in Hong Kong. The Notice must: (i) include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Corporate Governance Report

The period for lodgement of the Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than seven days prior to the date of such general meeting. In order to allow the Shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director, Shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable.

Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Company's Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings, on a one vote per Share basis in the share capital of the Company shall at all times have the right, by written requisition and sent to the Board or the company secretary at the Company's principal office in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisitionist(s) may add resolutions to a general meeting agenda.

Put Forward Proposals at General Meetings

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraphs to consider the business specified in the requisition.

Put Enquiries to the Board

Shareholders may send any comments or inquiries to the Board by email to sprg_chinaeducation@sprg.com.hk or in writing to the company secretary at the Company's principal office in Hong Kong.

CONSTITUTIONAL DOCUMENT

No change has been made to the memorandum and articles of association of the Company during the year under review.

Directors and Senior Management

As at the date of this report, the Board consists of two Executive Directors and three Independent Non-Executive Directors. Set out below are the biographical details of the Directors and senior management of the Group during the reporting period and up to the date of this report.

EXECUTIVE DIRECTORS

YU KAI (喻愷), aged 39, was appointed as an Executive Director and the Chief Executive Officer of the Company in August 2017 and is a member of the Remuneration Committee. He was appointed as the Co-chairman and also chairman of the Nomination Committee in June 2024. He has over 15 years of experience in the education industry.

Dr. Yu is a director of certain subsidiaries and consolidated affiliated entities of the Company. He is also the chairman of the board of directors of Jiangxi School.

Dr. Yu served as an educational consultant to the World Bank. He also provided research services to the Degrees Commission of the State Council of the PRC, the MOE Higher Education Department, the MOE Degree Management and Graduate Education Department and the Research Office of the Jiangxi People's Government. Dr. Yu has published 10 books in China, the US, Germany, Switzerland and Singapore and authored over 30 journal articles covering topics ranging from policy, learning, financing, and investment in education. Dr. Yu served as a reviewer of textbooks for Cambridge University Press.

Key awards received by Dr. Yu include:

Date	Awards	Awarding Authority
June 2010	Shanghai Municipal Pujiang Talent Award (上海市浦江人才)	Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) and Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
December 2010	Outstanding Research and Consultation Report in Philosophy and Social Sciences Award (教育部高校哲學社會科學研究優秀諮詢報告)	MOE Department of Social Sciences (教育部社會科學司)
December 2010	Shanghai Municipal Outstanding Achievement in Philosophy and Social Sciences Award Second Class Award for Papers (上海市哲學社會科學優秀成果獎論文類二等獎)	Shanghai Municipal Award Selection Committee for Outstanding Achievement in Philosophy and Social Sciences (上海市哲學社會科學優秀成果評獎委員會)
September 2011	National Outstanding Achievement in Educational Sciences Research Award Second Class Award (全國教育科學研究優秀成果獎二等獎)	MOE

Directors and Senior Management

Date	Awards	Awarding Authority
December 2012	Elected to join the New Century Outstanding Talent Support Plan (入選教育部新世紀優秀人才支持計劃)	MOE
December 2014	Jiangxi Provincial Outstanding Achievement in Teaching Award First Class Award (江西省教學成果獎一等獎)	Jiangxi Provincial Department of Education
November 2015	Jiangxi Provincial Outstanding Achievement in Educational Sciences Award First Class Award (江西省教育科學優秀成果獎一等獎)	Jiangxi Provincial Department of Education

Dr. Yu is an Adviser for PhD students and Post-docs at Shanghai Jiao Tong University in the field of Economics and Administration of Education.

Dr. Yu received his Bachelor of Engineering degree in Computer Science (First Class Honours) from the Queen's University of Belfast, his Master of Science degree and Doctor of Philosophy degree in Educational Studies from the University of Oxford. Dr. Yu received his Master of Business Administration degree in Finance from China Europe International Business School. Dr. Yu holds Corporate Director Certificate from Harvard Business School.

Dr. Yu is the son of Mr. Yu Guo, one of the controlling shareholders. Dr. Yu is a director of Blue Sky, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

WANG RUI (王睿), aged 35, was appointed as an Executive Director in September 2022 and was appointed as the Co-chairman in June 2024.

Mr. Wang is the chairman of the board of directors of Zhaoqing School and has about 11 years of experience in the private higher education industry. Mr. Wang has been an investment manager for strategic investments of the Company since February 2018. Mr. Wang graduated from Kean University in the United States with a Bachelor degree in Computer Science in 2012 and a Master degree in Computer Information Science in 2013.

Mr. Wang is the nephew of Mr. Xie Ketao, one of the controlling shareholders.

YU GUO (于果), aged 62, was appointed as a Director in May 2017 and served as an Executive Director from August 2017 to June 2024. From November 2017 to June 2024, Mr. Yu was the Co-chairman of the Board and the chairman of the Nomination Committee. In June 2024, Mr. Yu retired as Executive Director, Co-chairman of the Board and chairman of the Nomination Committee.

Mr. Yu is the founder of Jiangxi School. He is a director of certain subsidiaries and consolidated affiliated entities of the Company.

Directors and Senior Management

Mr. Yu has over 30 years of experience in the education industry. He is actively engaged in the educational affairs in the PRC. Key positions held by Mr. Yu include:

Period	Association	Position
March 1998 to March 2003	Ninth National People's Congress (第九屆全國人民代表大會)	Representative
July 2002 to July 2022	Jiangxi Federation of Industry and Commerce (江西省工商業聯合會)	Vice Chairman
March 2003 to March 2008	Tenth National People's Congress (第十屆全國人民代表大會)	Representative
March 2008 to March 2013	Eleventh National People's Congress (第十一屆全國人民代表大會)	Representative
January 2008 to present	China Association for Private Education (中國民辦教育協會)	Vice Chairman
March 2013 to March 2018	Twelfth Jiangxi People's Congress (第十二屆江西省人民代表大會)	Member of the Standing Committee
March 2018 to March 2023	Thirteenth Jiangxi People's Congress (第十三屆江西省人民代表大會)	Member of the Standing Committee
March 2013 to March 2018	Jiangxi Youth Federation (江西省青年聯合會)	Honorary Chairman

Key awards received by Mr. Yu for his contribution to the development of education in the PRC include:

Date	Awards	Awarding Authority
November 1998	National Glorious Industry Career Award (中國光彩事業獎)	China Society for Promotion of the Guangcai Programme (中國光彩事業促進會)
November 2000	China's Top Ten Outstanding Young Persons (中國十大傑出青年)	All-China Youth Federation (中華全國青年聯合會), China Youth Development Foundation (中國青少年發展基金會) and ten other media organisations
September 2004	National Outstanding Education Worker Award (全國優秀教育工作者)	MOE
April 2005	National Outstanding Worker Award (全國先進工作者)	State Council of the PRC
January 2007	National Award for Outstanding Non-Public Economic Establisher of Business in Communism with Chinese Characteristics (全國非公有制經濟人士優秀中國特色社會主義事業建設者)	All-China Federation of Industry and Commerce (中華全國工商業聯合會)

Directors and Senior Management

Mr. Yu graduated from the Master's programme in Business and Economics at the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in 1998. Mr. Yu completed the China Europe International Business School-Harvard Business School-IESE Business School Global CEO Programme for China in 2006.

Mr. Yu is the father of Dr. Yu Kai, the Co-chairman, Executive Director, Chief Executive Officer and chairman of the Nomination Committee of the Company.

XIE KETAO (謝可滔), aged 60, was appointed as a Director in May 2017 and served as an Executive Director from August 2017 to June 2024. From November 2017 to June 2024, Mr. Xie was the Co-chairman of the Board. In June 2024, Mr. Xie retired as Executive Director and Co-Chairman of the Board.

Mr. Xie is the founder of Guangdong School and Guangzhou Technician School and is the chairman of the board of directors of both schools. He is a director of certain subsidiaries and consolidated affiliated entities of the Company.

Mr. Xie has over 35 years of experience in the education industry. He is actively engaged in the educational and civil affairs in the PRC. Key positions held by Mr. Xie include:

Period	Association	Position
February 2003 to January 2008	Ninth Guangdong Province Committee of the Chinese People's Political Consultative Conference (第九屆廣東省中國人民政治協商會議委員會)	Committee Member
August 2004 to July 2008	Guangzhou Vocational Technical Education Research Committee (廣州市職業技能教學研究會)	Vice Chairman (last position)
January 2008 to January 2013	Tenth Guangdong Province Committee of the Chinese People's Political Consultative Conference (第十屆廣東省中國人民政治協商會議委員會)	Committee Member
May 2008 to October 2020	China Association for Private Education (中國民辦教育協會)	Vice Chairman
January 2013 to January 2018	Twelfth Guangdong People's Congress (廣東省第十二屆人民代表大會)	Representative
November 2020 to present	China Association for Private Education (中國民辦教育協會)	Vice Chairman of the Board of Supervisors

Directors and Senior Management

Key awards received by Mr. Xie for his contribution to the development of education in the PRC include:

Date	Awards	Awarding Authority
May 1999	Sixth Guangzhou Municipal Ten Outstanding Youth (第六屆廣州市十佳青年)	Guangzhou Municipal People's Government (廣州市人民政府)
December 2007	Outstanding Contribution Award to Chairmen in Private Schools (民辦學校董事長突出貢獻獎)	Guangdong Provincial Association for the Education Promotion (廣東省教育促進會)
December 2008	Individual Award for Outstanding Contribution for Guangdong Province Private Education (廣東省民辦教育傑出貢獻人物)	Southern Metropolis Daily (南方都市報)
June 2011	China Private Higher Education Outstanding Individuals (中國民辦高等教育先進個人)	China Association For Private Education (中國民辦教育協會)
September 2015	Guangdong Contemporary Private Education Sponsor Excellent Contribution Award (廣東當代民辦教育舉辦人突出貢獻獎)	Guangdong Society of Education (廣東教育學會), Guangdong Education Foundation (廣東省教育基金會) and Guangdong Provincial Institute of Contemporary Private Education Management (廣東省當代民辦教育管理研究院)

Mr. Xie graduated from the Master's programme in Vocational and Technical Education at the East China Normal University (華東師範大學) in 1999. Mr. Xie has also been a National Ministry of Labour and Social Security (中華人民共和國勞動和社會保障部) accredited Senior Vocational Counsellor (高級職業指導師) since March 2002.

Mr. Xie is the uncle of Mr. Wang Rui, the Co-chairman and an Executive Director of the Company.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

GERARD A. POSTIGLIONE, aged 73, was appointed as an Independent Non-Executive Director in December 2017. Dr. Postiglione is the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee.

Dr. Postiglione has been an Emeritus Professor of The University of Hong Kong (HKU) since May 2020 and an Honorary Professor from July 2017 in the Faculty of Education, where he has been a member of the board of The University of Hong Kong's Faculty of Education (formally known as The University of Hong Kong's Academic Board of the School of Education) since 1981. At the Southern University of Science and Technology (南方科技大學), he is a member of the academic committee at the Center for Higher Education Research since August 2018. Dr. Postiglione was Chair Professor in Higher Education of The University of Hong Kong Faculty of Education until June 2017, and was Associate Dean for Research of The University of Hong Kong Faculty of Education from December 2013 to July 2016. He was the Director of the Wah Ching Centre for Research on Education in China, The University of Hong Kong from July 2002 to March 2005, and from 2008 to 2015. He is Coordinator of the Consortium for Higher Education Research in Asia, The University of Hong Kong since 2016.

Dr. Postiglione has been a consultant on higher education policy to the Asian Development Bank from 2009 to 2011, 2017 to 2018, 2018 to 2019, 2019 to 2020 and 2020 to 2021. He was a visiting fellow at Yale University from September to December 2003. Dr. Postiglione's academic books include *Crossing Borders in East Asian Higher Education*, *Asian Higher Education*, *Education and Social Change in China*, *Mass Higher Education Development in East Asia: Strategy, Quality and Challenges*, *Rural Education in China's Social Transition*, *Improving Transitions from School to University to Workplace*, and *Education, Social Change, and Regional Development: Mainland China, Taiwan, and Hong Kong*.

Dr. Postiglione received his Bachelor of Science degree in 1972 and his Doctor of Philosophy Degree in 1980, both from the State University of New York.

RUI MENG (芮萌), aged 57, was appointed as an Independent Non-Executive Director in December 2017. Dr. Rui is the chairman of the Audit Committee and a member of the Remuneration Committee.

Dr. Rui has been Professor of Finance and Accounting at China Europe International Business School since January 2012, and has held the title of Parkland Chair in Finance at China Europe International Business School since May 2019. Dr. Rui has been professionally designated as a Certified Financial Analyst (CFA) by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager (FRM) by the Global Association of Risk Professionals since April 2010.

Directors and Senior Management

Dr. Rui is an independent non-executive director of Country Garden Services Holdings Company Limited, a company listed on the Stock Exchange, an independent non-executive director of Landsea Green Properties Co., Ltd., a company listed on the Stock Exchange, and an independent non-executive director of Dexin Services Group Limited (德信服務集團有限公司), a company listed on the Stock Exchange. Dr. Rui was an independent director of Midea Group Co., Ltd. (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange, from September 2015 to September 2018, an independent director of Shanghai Winner Information Technology Co., Inc. (上海匯納信息科技股份有限公司), a company listed on the Shenzhen Stock Exchange, from November 2014 to May 2020, an independent director of COSCO Shipping Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company listed on both the Stock Exchange and Shanghai Stock Exchange, from June 2015 to June 2021, and an independent non-executive director of Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司), a company then listed on the Stock Exchange and delisted in August 2021, from June 2021 to August 2021, and an independent director of Shang Gong Group Co., Ltd. (上工申貝(集團)股份有限公司), a company listed on the Shanghai Stock Exchange from August 2017 to August 2023.

Dr. Rui received a Bachelor of Economics degree in International Economics from the Institute of International Relations in Beijing in 1990 and a Master of Science degree in Economics from Oklahoma State University in 1993. Dr. Rui also received a Master of Business Administration degree in 1996 and a Doctor of Philosophy degree in Business Administration from the University of Houston in 1997.

WU KIN BING (鄔健冰), aged 73, was appointed as an Independent Non-Executive Director in December 2017. Dr. Wu is a member of the Audit Committee and a member of the Nomination Committee.

Dr. Wu was a staff member at the World Bank from September 1994 to October 2012. As Lead Education Specialist, she had worked on all subsectors of education, from early childhood education, to primary, secondary and tertiary education. She led in policy analysis, lending appraisal, and project supervision in East Asia, South Asia and Latin America and the Caribbean Region. Her World Bank and academic publications have dealt with the finance and efficiency of the education systems and public policies towards education.

After retirement from the World Bank, Dr. Wu helped found the UNICEF USA Northwest Regional Board in January 2014 to raise fund and to advocate for the work of UNICEF for children around the world. She is currently a member of UNICEF's International Council.

Dr. Wu received from Indiana University a Bachelor of Arts degree in 1972, a Master of Science degree in 1974 and a Master of Arts degree in 1976. Dr. Wu received a Doctor of Education degree from Harvard University in 1995. Dr. Wu served on the Editorial Board of Harvard Educational Review from 1987 to 1988, and then as Co-Chairperson of the Board from 1988 to 1989.

Directors and Senior Management

SENIOR MANAGEMENT

LAN Gongcheng (蘭功成), aged 52, was appointed as the Chief Financial Officer of the Group in May 2023.

Mr. Lan has 30 years experience in accounting and financial management within the Group. Mr. Lan joined the Group in 1994, Formerly, Mr. Lan served as the Group's Director of Finance, the Director of Internal Control and Audit of the Group and as the Director of Finance of a member school of the Group. Mr. Lan is certified as a Professor-level Senior Accountant (教授級正高級會計師). Mr. Lan is also a Certified Management Accountant (CMA) of the Institute of Management Accountants (IMA). Mr. Lan holds Board Secretary Qualification and Independent Director Qualification from the Shenzhen Stock Exchange. Mr. Lan has passed the Securities Practitioner Qualification Examinations of the Securities Association of China and the Fund Practitioner Qualification Examinations of the Asset Management Association of China. Mr. Lan is a Guest Professor at Jiangxi University of Finance and Economics, an advisor for master's students majoring in accounting at Nanchang University, Jiangxi University of Finance and Economics and Jiangxi Normal University, and a Reviewer for the Senior Professional Titles in Accounting in Jiangxi Province. Mr. Lan obtained Master of Business Administration degree from Jiangxi University of Finance and Economics.

LI RENYI (李仁毅), aged 39, joined the Group as vice president for strategic investments in May 2017.

Mr. Li has 16 years of experience in investment. Before joining the Group, Mr. Li worked at Prax Capital (普凱投資), a private equity firm, from June 2013 to April 2017 where he held various positions including vice president of investments, senior manager of investments and manager of investments. Mr. Li also worked as an investment manager at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司), a venture capital firm, from March 2012 to May 2013 and at China Renaissance (華興資本), a financial services provider, from June 2008 to May 2011 where he was financing manager and analyst.

Mr. Li received his Bachelor of Engineering degree in Information Security from Shanghai Jiao Tong University in 2008. Mr. Li received his Master of Business Administration degree in Finance from China Europe International Business School in 2017. Mr. Li has passed the Fund Practitioner Qualification Examinations (基金從業資格考試) held by the Asset Management Association of China (中國證券投資基金業協會) in 2016.

HU JIANFENG (胡劍鋒), aged 48, joined the Group in 2002. He is currently vice president for operation and is responsible for the operations of the Group.

Dr. Hu is a professor and supervisor for Master's research students. Dr. Hu has over 21 years' experience in higher education. His prior appointments include Dean, Director of Teaching Affairs, Director of Education Quality, Director of Research, and Vice President of a university in the Group.

Dr. Hu is an expert on the Panel of University Education Evaluation of the Ministry of Education, PRC.

Directors and Senior Management

Dr. Hu led research projects sponsored by National Natural Science Foundation, Emerging Engineering Education Projects of Ministry of Education, University-Industry Collaborative Education Projects of Ministry of Education, and Humanities and Social Sciences Projects of Ministry of Education. He has published about 200 journal articles and has about 30 patents. He has been awarded the Jiangxi Provincial Outstanding Achievement in Teaching Award First Class Award.

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed herein, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of the Directors

The Directors have pleasure in presenting their report and 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 mainly engages in the provision of vocational education services. Details of the activities of the principal subsidiaries and consolidated affiliated entities are set out in note 39 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 147.

A fair review of the business of the Group during the year and its likely future development and outlook, important events affecting the Company that have occurred since the end of the financial year, an analysis of the Group's performance during the year using financial key performance indicators, discussions on the Group's environmental policies and performance, details regarding the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with stakeholders who have a significant impact on the Group and on which the Group's success depends as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in "Co-Chairmen's Statement", "Management Discussion and Analysis", "Environmental, Social and Governance Report" and "Corporate Governance Report" of this annual report and all such discussions constitute part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge and our ability to maintain and raise the level of tuition fees and boarding fees.
- our business is heavily dependent on our reputation and any damage to our reputation would materially and adversely affect our business. Negative publicity concerning our schools or our Group may adversely affect our reputation, business, growth prospect and our ability to recruit qualified teachers and staff.
- we face competition from existing players and industry consolidation in the PRC higher education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.
- unauthorised disclosure or manipulation of sensitive personal data, whether through breach of our network security or otherwise, could expose us to litigation or could adversely affect our reputation.
- we may expand our school network through acquisitions or cooperation with third party partners and may not be able to successfully execute such expansion strategy.

Report of the Directors

- we are subject to uncertainties brought by various laws and regulations which are applicable to private higher education industry in the PRC, in particular the Law for Promoting Private Education of the PRC. Relevant laws and regulations could be changed from time to time to accommodate the development of the education industry in the PRC.

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

DIVIDEND POLICY

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries and, particularly, our consolidated affiliated entities, which are incorporated in the PRC. Our consolidated affiliated entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, our Company's subsidiaries must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include a general reserve and a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. PRC laws and regulations require private schools where the school sponsors require reasonable returns to make annual appropriations of 10% of net income to its development fund prior to payments of reasonable returns. Such appropriations are required to be used for the construction or maintenance of the school or for the procurement or upgrading of educational equipment. In the case of a private school where the school sponsors do not require reasonable returns, the school is required to make annual appropriations equivalent to no less than 10% of the annual increase of net assets of the school as determined in accordance with generally accepted accounting principles in the PRC. Sponsor of each of our schools does not require reasonable returns.

Except for that, we do not have any other dividend policy. 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. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Board intends to recommend at the relevant shareholder meetings an annual dividend of no less than 30% of our profits available for distribution generated in each financial year. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Report of the Directors

DIVIDEND

The Board recommends the payment of a final dividend of RMB10.28 cents (equivalent to HK11.12 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 26 November 2024, i.e. RMB0.92407 equivalent to HKD1.00) per ordinary Share for the year ended 31 August 2024 (for the year ended 31 August 2023: RMB13.53 cents per ordinary Share) to Shareholders whose names appear on the register of members of the Company on Wednesday, 26 February 2025. Subject to the approval of the Shareholders at the forthcoming annual general meeting, the final dividend will be paid on or around Wednesday, 26 March 2025. Together with the interim dividend of RMB18.77 cents per ordinary Share, the total dividend distribution equals to approximately 40% of the adjusted net profit attributable to owners of the Company for the year ended 31 August 2024.

The dividend will be paid to all Shareholders on an all-cash basis by default. Shareholders will also be provided with an option to receive the final dividend wholly or partly in form of new fully paid Shares in lieu of cash. Such new Shares so issued will rank pari passu in all respect with the existing issued shares in the capital of the Company. The scheme is conditional upon the passing of the relevant resolution at the forthcoming annual general meeting of the Company and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued under the scheme. Shareholders not making any election will be receiving the whole dividend in cash.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Tuesday, 21 January 2025. Notice convening the forthcoming annual general meeting will be published and dispatched to the Shareholders by post or by electronic means.

CLOSURE OF REGISTER OF MEMBERS

For the Forthcoming Annual General Meeting

The register of members of the Company will be closed from Thursday, 16 January 2025 to Tuesday, 21 January 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 January 2025.

For the Proposed Final Dividend

The proposed final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting. The register of members of the Company will be closed from Friday, 21 February 2025 to Wednesday, 26 February 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at the aforementioned address for registration not later than 4:30 p.m. on Thursday, 20 February 2025.

Report of the Directors

SHARE CAPITAL

On 27 March 2024, 66,772,281 new Shares were issued pursuant to the scrip dividend scheme of the Company in relation to the final dividend for the year ended 31 August 2023.

On 18 July 2024, 95,478,450 new Shares were issued pursuant to the scrip dividend scheme of the Company in relation to the interim dividend for the six months ended 29 February 2024.

Details of changes in the share capital of the Company during the year ended 31 August 2024 are set out in note 31 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 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2024 are set out on pages 237 and 238 in note 40 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium and retained profits. Under the Companies Act of the Cayman Islands and subject to compliance with the Company's Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As of 31 August 2024, the Company's reserve available for distribution to equity holders amounted to approximately RMB6,255 million.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 239 and 240.

DIRECTORS

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

Executive Directors

Dr. Yu Kai (*Co-chairman and Chief Executive Officer*)

Mr. Wang Rui (*Co-chairman*)

Independent Non-Executive Directors

Dr. Gerard A. Postiglione

Dr. Rui Meng

Dr. Wu Kin Bing

Each of the Executive Directors has entered into a service contract with the Company for a term of three years. Such appointment shall, subject to retirement and re-election as and when required under the Company's Articles of Association, be automatically renewed for successive periods of three years until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

Each of our INEDs is engaged by an appointment letter with a specific term of three years, subject to retirement and re-election as and when required under the Company's Articles of Association. The appointment letter may be terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

Under the Company's Articles of Association, all the Directors are subject to retirement by rotation and re-election at the annual general meeting. Pursuant to Article 108 of the Company's Articles of Association, Dr. Yu Kai and Dr. Gerard A. Postiglione shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

Report of the Directors

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

As at 31 August 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests and Short Positions in Shares and Underlying Shares

Name of Director	Number of Shares/Underlying Shares			Approximate % of all Shares in Issue ⁽¹⁾
	Personal Interests	Other Interests	Total	
Yu Kai	(L)6,500,000 ⁽²⁾	(L)841,770,608 ⁽³⁾	(L)848,270,608	(L)31.26%

L – long position

Notes:

- The calculation is based on the total number of 2,713,791,221 Shares in issue as at 31 August 2024.
- These are long position interests in underlying Shares and represent the maximum number of share options which may be vested with the Directors under the Pre-IPO Share Option Scheme of the Company. Details of each of their share options are set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" in this report.
- Blue Sky, a company wholly owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of Blue Sky Trust (a discretionary trust with Mr. Yu as the settlor), is the beneficial owner of 841,770,608 Shares of the Company. Dr. Yu Kai is a beneficiary of the Blue Sky Trust.

Report of the Directors

Directors' Interest in Associated Corporations

Name of Director	Nature of Interest	Name of Associated Corporations	Percentage of Shareholding in the Associated Corporations
Yu Kai	Beneficial owner	Nanchang Jiangke	99%

Directors' Interest in Debentures of the Company

Name of Director	Capacity	Amount of Debentures Held CNY	Approximate % to the Total Amount of Debentures in Issue
Yu Kai	Beneficiary of a discretionary trust	12,500,000 ⁽¹⁾	1%

Note:

- The two references to CNY12,500,000 principal amount of debentures relate to the same block of debenture held by Mr. Yu Guo under the Blue Sky Trust.

Save as disclosed above, as at 31 August 2024, none of the Directors or the 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 and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options granted to the Directors under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme of the Company, at no time during the period was the Company, or its holding companies, 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 body corporate.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 August 2024, so far as the Directors are aware, the following persons (other than the Directors and the chief executives of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Total Number of Shares	Approximate % of all Shares in Issue ⁽¹⁾
Mr. Yu	Beneficial Owner ⁽²⁾	(L)6,500,000 ⁽³⁾	(L)0.24%
	Founder of a discretionary trust	(L)841,770,608	(L)31.02%
	Other interest ⁽⁵⁾	(L)848,270,608	(L)31.26%
		(L)1,696,541,216	(L)62.52%
Mr. Xie	Beneficial Owner ⁽²⁾	(L)6,500,000 ⁽³⁾	(L)0.24%
	Founder of a discretionary trust	(L)841,770,608	(L)31.02%
	Other interest ⁽⁵⁾	(L)848,270,608	(L)31.26%
		(L)1,696,541,216	(L)62.52%
Blue Sky	Beneficial Owner ⁽³⁾	(L)841,770,608	(L)31.02%
	Other interest ⁽⁵⁾	(L)854,770,608	(L)31.50%
		(L)1,696,541,216	(L)62.52%
White Clouds	Beneficial Owner ⁽⁴⁾	(L)841,770,608	(L)31.02%
	Other interest ⁽⁵⁾	(L)854,770,608	(L)31.50%
		(L)1,696,541,216	(L)62.52%
Passionate Jade Holding Limited	Interests in controlled corporation ⁽³⁾	(L)841,770,608	(L)31.02%
Shimmery Diamond Holding Limited	Interests in controlled corporation ⁽⁴⁾	(L)841,770,608	(L)31.02%
Cantrust (Far East) Limited	Trustee ⁽³⁾⁽⁴⁾	(L)1,683,541,216	(L)62.04%

L – long position

Report of the Directors

Notes:

1. The calculation is based on the total number of 2,713,791,221 Shares in issue as at 31 August 2024.
2. These are long position interests in underlying Shares and represent the maximum number of share options which may be vested with the Directors under the Pre-IPO Share Option Scheme of the Company. Details of each of their share options are set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" in this report.
3. Blue Sky is the beneficial owner of the long position interests in 841,770,608 Shares. Blue Sky is a company wholly-owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely Blue Sky Trust. Mr. Yu is the settlor and a beneficiary of the Blue Sky Trust.
4. White Clouds is the beneficial owner of the long position interests in 841,770,608 Shares. White Clouds is a company wholly-owned by Shimmery Diamond Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely White Clouds Trust. Mr. Xie is the settlor and a beneficiary of the White Clouds Trust.
5. Mr. Yu, Mr. Xie, Blue Sky and White Clouds entered into the concert party agreement to align their shareholding interests in the Company. Accordingly, each of Mr. Yu, Mr. Xie, Blue Sky and White Clouds is deemed to be interested in the Shares/underlying Shares held by the other parties to the concert party agreement. The interests of Blue Sky and White Clouds were duplicated with the interests of Mr. Yu and Mr. Xie as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this report.

Save as disclosed above, as at 31 August 2024, the Directors were not aware of any other persons (other than the Directors and the chief executives of the Company) who had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Report of the Directors

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

The Company has adopted Share Option Schemes (Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme) and Share Award Scheme for the purpose of incentivising eligible participants for their contribution to the Group.

Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was adopted and effective on 27 November 2017. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no share options would be granted under the Pre-IPO Share Option Scheme after the Listing.

Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Participants

Under the Pre-IPO Share Option Scheme, the Board may determine any directors and employees of any member of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up share options to subscribe for the Shares.

Maximum Number of Shares Available for Issue

The overall limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 45,500,000 Shares, which represents approximately 1.68% of the total issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

Under the Pre-IPO Share Option Scheme, the Board shall be entitled to make an offer to any participant for the grant of an share option for the subscription of such number of Shares as the Board may determine.

Vesting and Exercising Period

The Board may in its absolute discretion makes an offer to a selected participant for the grant of an share option to subscribe for such number of Shares and on such terms as determined by the Board. The terms of the offer may include but are not limited to, any minimum period(s) for which an share option must be held and/or any minimum performance target(s) that must be achieved, before the share option can be exercised in whole or in part, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

A share option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee which period shall not expire later than 10 years from the Listing Date.

Report of the Directors

Amount Payable on Application or Acceptance of Share Option

A share option may be accepted by a participant within ten business days from the date of the offer of grant of the share option. A nominal consideration of RMB1.00 is payable upon acceptance of the grant of a share option.

Exercise Price

The price for the subscription of Shares in relation to each share option granted under the Pre-IPO Share Option Scheme shall be such price as may be determined by the Board. A share option may be exercised in whole or in part by the grantee and the subscription price of the Shares shall be fully paid by the grantee to the Company upon exercise of the share option.

Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted and effective on 27 November 2017 and valid up to 27 November 2017 (the "Pre-IPO Share Option Scheme Period"). After the expiry of the Pre-IPO Share Option Scheme Period, no further share options shall be offered or granted, but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto.

Movements in Share Options Granted under the Pre-IPO Share Option Scheme

Movements in the share options granted under the Pre-IPO Share Option Scheme during the year are as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
					At 01/09/2023 ⁽¹⁾	Granted	Exercised	Lapsed	At 31/08/2024 ⁽¹⁾
Directors									
Yu Guo (resigned as Executive Director with effect from 27 June 2024)	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2020	15/12/2020 – 14/12/2027	500,000	-	-	-	500,000
			15/12/2021	15/12/2021 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2022	15/12/2022 – 14/12/2027	2,000,000	-	-	-	2,000,000
Xie Ketao (resigned as Executive Director with effect from 27 June 2024)	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2020	15/12/2020 – 14/12/2027	500,000	-	-	-	500,000
			15/12/2021	15/12/2021 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2022	15/12/2022 – 14/12/2027	2,000,000	-	-	-	2,000,000

Report of the Directors

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
					At 01/09/2023 ⁽¹⁾	Granted	Exercised	Lapsed	At 31/08/2024 ⁽¹⁾
Yu Kai	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2020	15/12/2020 – 14/12/2027	500,000	-	-	-	500,000
			15/12/2021	15/12/2021 – 14/12/2027	2,000,000	-	-	-	2,000,000
			15/12/2022	15/12/2022 – 14/12/2027	2,000,000	-	-	-	2,000,000
Employees	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,200,000	-	-	-	2,200,000
			15/12/2020	15/12/2020 – 14/12/2027	775,000	-	-	-	775,000
			15/12/2021	15/12/2021 – 14/12/2027	3,100,000	-	-	-	3,100,000
			15/12/2022	15/12/2022 – 14/12/2027	3,100,000	-	-	-	3,100,000
Total					28,675,000	-	-	-	28,675,000

Notes:

1. These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.
2. No share option was cancelled during the year ended 31 August 2024.

Save and except as disclosed above, no other share options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme adopted by the resolutions in writing of the Shareholders passed on 29 November 2017.

Report of the Directors

Purpose

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Participants

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted share options.

Maximum Number of Shares Available for Issue

The total number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other schemes is 199,900,000, being no more than 10% of the Shares in issue on the Listing Date (the "Post-IPO Share Option Scheme Mandate Limit") and represents approximately 7.83% of the total issued Shares as at the date of this annual report. Share options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Post-IPO Share Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "Post-IPO Share Option Scheme Limit"). No share options may be granted under any schemes of the Company if this will result in the Post-IPO Share Option Scheme Limit being exceeded.

The Post-IPO Share Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the Shareholders in general meeting. However, the refreshed Post-IPO Share Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval.

The Company may also grant share options in excess of the Post-IPO Share Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

Maximum Entitlement of Each Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the share options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of share options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all share options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders.

Report of the Directors

Where any grant of share options to a substantial shareholder or an INED of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of share options must also be first approved by the Shareholders in a general meeting.

Vesting and Exercising Period

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the share options may be exercised. However, the Board may at its sole discretion specify, as part of the terms and conditions of any share option, such performance conditions that must be satisfied before the share option can be exercised.

The period during which a share option may be exercised is determined and notified by the Board to each grantee at the time of making an offer for the grant of the share option and such period shall not expire later than ten years from the date of grant of the share option.

Amount Payable on Application or Acceptance of Share Option

A share option may be accepted by a participant within 20 business days from the date of the offer of grant of the share option. A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of a share option.

Exercise Price

The amount payable for each Share to be subscribed for under a share option shall be determined by the Board but shall be not less than the greater of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant.

Report of the Directors

Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing from the Listing Date (after which, no further share options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. The remaining life of the Share Award Scheme is approximately 3 years as at the date of this annual report.

Movements in Share Options Granted under the Post-IPO Share Option Scheme

Movements in the share options granted under the Post-IPO Share Option Scheme during the year are as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options					At 31/08/2024 ⁽¹⁾		
					At 01/09/2023 ⁽¹⁾	Granted	Exercised	Lapsed	Cancelled			
Employees	08/03/2019	12.48	08/03/2020	08/03/2020 – 07/03/2029	345,000	–	–	30,000	–	315,000		
			08/03/2021	08/03/2021 – 07/03/2029	537,500	–	–	45,000	–	492,500		
			08/03/2022	08/03/2022 – 07/03/2029	650,000	–	–	40,000	–	610,000		
			08/03/2023	08/03/2023 – 07/03/2029	812,500	–	–	50,000	–	762,500		
			08/03/2024	08/03/2024 – 07/03/2029	1,155,000	–	–	240,000	–	915,000		
	16/12/2019	10.76	16/12/2020	16/12/2020 – 15/12/2029	20,000	–	–	–	–	20,000		
			16/12/2021	16/12/2021 – 15/12/2029	30,000	–	–	–	–	30,000		
			16/12/2022	16/12/2022 – 15/12/2029	40,000	–	–	–	–	40,000		
			16/12/2023	16/12/2023 – 15/12/2029	50,000	–	–	–	–	50,000		
			16/12/2024	16/12/2024 – 15/12/2029	60,000	–	–	–	–	60,000		
			Total				3,700,000	–	–	405,000	–	3,295,000

Note:

- These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.

Save and except as disclosed above, no share options have been granted or agreed to be granted by the Company under the Post-IPO Share Option Scheme during the year.

Report of the Directors

SHARE AWARD SCHEME

The following is a summary of the principal terms of the Share Award Scheme conditionally adopted by the resolutions in writing of our Shareholders on 29 November 2017.

The issuance of new Shares pursuant to the Share Award Scheme is subject to the application by the Company and the granting by the Listing Committee of the Stock Exchange for the listing of and permission to deal in such new Shares.

Purpose

The purpose of the Share Award Scheme is to align the interests of the eligible participants of the scheme with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain the eligible participants to make contributions to the long-term growth and profits of the Group.

Participants

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

Maximum Number of Shares to be Granted

An award (the "Award") granted under the Share Award Scheme gives a selected participant a conditional right, when the Shares are vested, to obtain the Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted to the date the Award is vested. The Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Shares be paid to the selected participant even though the Shares have not yet vested.

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Shares be paid to the selected participants even though the Shares have not yet vested, the selected participant only has a contingent interest in the Shares underlying an Award unless and until such Shares are actually transferred to the selected participant.

The maximum aggregate number of Shares underlying all grants made under the Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) is 40,000,000 Shares, being 2% of issued Shares of the Company as of the Listing Date (i.e. 2% of 2,000,000,000 Shares) (the "Share Award Scheme Limit") and represents approximately 1.57% of the total issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the Share Award Scheme.

Report of the Directors

Each grant of an Award to any Director or the chief executive officer shall be subject to the prior approval of the INEDs (excluding any INED who is a proposed recipient of the grant of an Award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Award to any connected persons of the Company.

Vesting

The Board may from time to time determine such vesting criteria and conditions or periods for the Awards to be vested under the scheme.

Life of the Share Award Scheme

The Share Award Scheme shall be valid and effective for the period of ten years commencing from the Listing Date. The remaining life of the Share Award Scheme is approximately 3 years as at the date of this annual report.

Awards Granted under the Share Award Scheme

No awards have been granted or agreed to be granted by the Company since the conditional adoption of the Share Award Scheme on 29 November 2017.

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 purchased, sold or redeemed any of the listed securities of the Company.

BORROWINGS

As at 31 August 2024, the Group has bank and other borrowings and bonds of approximately RMB10,237 million (31 August 2023: approximately RMB8,603 million). Details of which were disclosed in note 30 to the consolidated financial statements.

TOP-UP PLACING AND SUBSCRIPTION

January 2021

The net proceeds amounted to approximately HK\$2,012.6 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 3 February 2021 have been partly utilised, and will be fully utilised in next twelve months for (1) potential acquisitions; and (2) expansion and development of the Group's new campuses in the Greater Bay Area. The Group did not have material acquisition during the financial year ended 31 August 2024, and therefore results in delay in the use of proceeds. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements.

Report of the Directors

The following sets forth a summary of the utilisation of the net proceeds during the year ended 31 August 2024:

Purpose	Percentage to total amount	Net proceeds amount RMB (million)	Unutilised amount as at 1 September 2023 RMB (million)	Utilised amount during the year RMB (million)	Unutilised amount as at 31 August 2024 RMB (million)
Expansion and development of the Group's new campuses in the Greater Bay Area	70%	1,177.0	–	–	–
Potential acquisitions	30%	504.4	93.3	–	93.3
	100%	1,681.4	93.3	–	93.3

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 26 January 2021 and 3 February 2021.

October 2021

The net proceeds amounted to approximately HK\$1,170.0 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 27 October 2021 will be fully utilised in next twelve months for potential acquisitions in the modern-vocational education space. The Group did not have material acquisition during the financial year ended 31 August 2024, and therefore results in delay in the use of proceeds. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements. As at 31 August 2024, none of the net proceeds has been utilised.

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 19 October 2021 and 27 October 2021.

January 2023

On 9 January 2023, Blue Sky, White Clouds and the Company entered into a placing agreement (the "Placing Agreement") with UBS AG Hong Kong Branch (the "Placing Agent") pursuant to which Blue Sky and White Clouds have agreed to appoint the Placing Agent, and the Placing Agent has agreed to procure independent placees (or failing which itself as principal) to purchase a total of 147,000,000 Shares at the placing price of HK\$10.94 per Share (the "Placing").

On the same day, Blue Sky, White Clouds and the Company entered into a subscription agreement (the "Subscription Agreement"), pursuant to which Blue Sky and White Clouds agree to subscribe for, and the Company agrees to issue to Blue Sky and White Clouds the subscription shares equivalent to the number of placing shares at HK\$10.94 per Share upon the terms and conditions set out in the Subscription Agreement (the "Subscription").

Report of the Directors

The Placing and the Subscription were completed on 12 January 2023 and 17 January 2023 respectively. The placing shares were issued to more than six independent placees and they are all independent investors. The net proceeds amounted to approximately HK\$1,598 million (equivalent to RMB1,406 million) (net of related costs, professional fees and out-of pocket expenses) have been fully utilised as at 31 August 2024 for the expansion of school network (including campus development and potential mergers and acquisitions) and general working capital purposes as previously disclosed in the Company's announcements.

The following sets forth a summary of the utilisation of the net proceeds during the year ended 31 August 2024:

Purpose	Percentage to total amount	Net proceeds amount RMB (million)	Unutilised amount as at 1 September 2023 RMB (million)	Utilised amount during the year RMB (million)	Unutilised amount as at 31 August 2024 RMB (million)
Expansion of school network (including campus development and potential mergers and acquisitions)	90%	1,265	604	604	–
General working capital	10%	141	–	–	–
	100%	1,406	604	604	–

The Directors consider that the Placing and the Subscription will further strengthen the capital base of the Company to continue executing its industry consolidation strategy.

The aggregate nominal value of the subscription shares is HK\$1,470 and the net subscription price is approximately HK\$10.87 per Share. The subscription shares have a market value of approximately HK\$1,764 million based on the closing price of HK\$12 of the Shares on 9 January 2023, being the date of the Subscription Agreement.

Further details of the Placing and the Subscription are set out in the Company's announcements dated 10 January 2023 and 17 January 2023.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Schemes and Share Award Scheme as set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" above in this report, the placing agreement and subscription agreement both dated 26 January 2021 and the Placing Agreement and the Subscription Agreement as mentioned in the section headed "TOP-UP PLACING AND SUBSCRIPTION" above, the subscription agreement dated 21 March 2019 in respect of the issue of convertible bonds due 2024 as detailed in the section headed "CONVERTIBLE BONDS DUE 2024" in this report and the acquisition agreement (as mentioned in below paragraph), no equity-linked agreements were entered into by the Company during or subsisted at the end of the financial year.

Report of the Directors

The Group had entered into an acquisition agreement dated 26 July 2021 in respect of the acquisition of 100% shares in Long Link Investment Limited at a total consideration of RMB2,445,800,000. The consideration shall be satisfied (i) as to RMB1,675,800,000 in cash; and (ii) as to approximately RMB770,000,000 by the allotment and issue of 58,996,455 consideration shares at issue price of HK\$15.6880 per Share. Certain conditions have to be fulfilled or waived before the Company issues the consideration shares. As at the date of this report, 38,309,387 Shares have been allotted and issued. Please refer to the Company's announcements dated 26 July 2021, 10 August 2021 and 14 September 2021 for details of the transaction and conditions.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity was materially interested, whether directly or indirectly, subsisted at any time during or at the end of the financial year.

MANAGEMENT CONTRACT

Save as disclosed in this report, no contracts concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 August 2024.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the year, save as disclosed in the section headed "Continuing Connected Transactions" in this report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

Our suppliers primarily comprise book suppliers, teaching equipment vendors, human resources services providers, equipment and materials vendors. For the year ended 31 August 2024, the percentage of purchases attributable to the Group's five largest suppliers combined were less than 30% of our cost of revenue.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions — Contractual Arrangements

Reasons for entering into the Contractual Arrangements

Currently PRC laws and regulations restrict the operation of higher education institutions to Sino-Foreign ownership. The Company operates the business through the consolidated affiliated entities in the PRC. In order to comply with the PRC laws and regulations while availing ourselves to international capital markets and maintaining effective control over all of our operations, the Company through its wholly-owned subsidiary, WFOE, entered into various agreements that together constitute the Contractual Arrangements with, among others, Mr. Yu, Mr. Xie and Dr. Yu Kai ("Dr. Yu") and the relevant consolidated affiliated entities.

The Company does not hold any equity interests in the consolidated affiliated entities which are held directly or indirectly by Mr. Yu, Mr. Xie and Dr. Yu. However, through the Contractual Arrangements, the Company effectively controls these consolidated affiliated entities and is able to derive substantially all of their economic benefits. The Contractual Arrangements enable the Company to (i) receive substantially all the economic benefits from the consolidated affiliated entities in consideration for the services provided by WFOE; (ii) exercise effective control over the consolidated affiliated entities; and (iii) hold an exclusive option to purchase all or part of the sponsor interests in our PRC operating schools when and to the extent permitted by the PRC laws.

Contractual Arrangements In Place

The Contractual Agreements that were in place as at 31 August 2024 are as follows:

Business Cooperation Agreements

Pursuant to (i) the business cooperation agreement entered into by and among WFOE, Guangdong Baiyun University (廣東白雲學院) ("Guangdong School") and Mr. Xie dated 30 June 2017, (ii) the business cooperation agreement entered into by and among WFOE, Guangzhou Baiyun Technician College of Business (廣州市白雲工商技師學院) ("Guangzhou Technician School"), Huafang Education, Lihe Education, Mr. Yu and Mr. Xie dated 14 August 2017, (iii) the business cooperation agreement entered into by and among WFOE, Zhengzhou Urban Rail Transit School (鄭州城軌交通中等專業學校) ("Henan School"), Shuren Education, Junshi Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (iv) the business cooperation agreement entered into by and among WFOE, Xi'an Railway Technician College (西安鐵道技師學院) ("Shaanxi School"), Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (v) the business cooperation agreement entered into by and among WFOE, Guangzhou College of Applied Science and Technology (廣州應用科技學院) ("Zhaoqing School"), Guangzhou Songtian Polytechnic College (廣州松田職業學院) ("Guangzhou Polytechnic School"), Lishang Education, Youxin Education, Bangrui Education, Songtian Company, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (vi) the business cooperation agreement entered into by and among WFOE, Yantai Institute of Science and Technology (煙台科技學院) ("Shandong School"), Shandong Dazhong Cultural, Renjing Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 November 2019, (vii) the business cooperation agreement entered into by and among WFOE, Jiangxi University of Technology (江西科技學院) ("Jiangxi School"), Nanchang Jiangke, Mr. Yu and Dr. Yu dated 16 August 2021, and (viii) the business cooperation agreement entered into by and among WFOE, Chongqing Institute of Foreign Studies (重慶外語外事學院) (the "Chongqing School"), Lexian Education, Huafang Education, Mr. Yu and Mr. Xie dated 5 May 2023 (collectively, the "Business Cooperation Agreements"), WFOE has the exclusive right to provide each of the relevant consolidated affiliated entities with technical services, management support services, consulting services, intellectual property licences and other additional services as the parties may mutually agree from time to time, and in return, our relevant PRC operating schools and other consolidated affiliated entities shall make payments accordingly.

Report of the Directors

Substantially similar exclusive management consultancy and business cooperation agreement dated 15 September 2020 (the "Management Agreement") has been entered into by and among WFOE, Hainan Cyber Education, Haikou University of Economics (海口經濟學院) ("Hainan School"), Affiliated Art School of Haikou University of Economics (海口經濟學院附屬藝術學校) ("Hainan Art School"), Shuzhi Education and Ms. Wu Yanling pursuant to which WFOE has been engaged as the exclusive service provider to provide Hainan Cyber Education, Hainan School and Hainan Art School with corporate management consultancy services, education management consultancy services, intellectual property licensing services as well as technical and business support services in return for service fees.

Exclusive Technical Services And Management Consultancy Agreements

Pursuant to (i) the exclusive technical services and management consultancy agreement entered into by and between WFOE and Guangdong School dated 30 June 2017, (ii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Lihe Education, Huafang Education and Guangzhou Technician School dated 14 August 2017, (iii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Henan School, Shuren Education, Junshi Education and Huafang Education dated 27 February 2019, (iv) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Shaanxi School, Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education and Huafang Education dated 27 February 2019, (v) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Zhaoqing School, Guangzhou Polytechnic School, Lishang Education, Youxin Education, Bangrui Education, Songtian Company and Huafang Education dated 27 February 2019, (vi) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Shandong School, Shandong Dazhong Cultural, Renjing Education and Huafang Education dated 27 November 2019, (vii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Jiangxi School and Nanchang Jiangke dated 16 August 2021, and (viii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Chongqing School, Lexian Education and Huafang Education dated 5 May 2023 (collectively, the "Exclusive Technical Services and Management Consultancy Agreements"), WFOE has the exclusive right to provide, or designate any third party to provide technical services and management consultancy services to each of our relevant PRC operating schools and the relevant consolidated affiliated entities.

Furthermore, the Group has entered into the Management Agreement with respect to the provision of management consultancy services and technical services to Hainan School and Hainan Art School, see "Business Cooperation Agreements" in this section.

Exclusive Call Option Agreements

Under (i) the exclusive call option agreement entered into by and among WFOE, Guangdong School and Mr. Xie dated 30 June 2017, (ii) the exclusive call option agreement entered into by and among WFOE, Guangzhou Technician School, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 14 August 2017, (iii) the exclusive call option agreement entered into by and among WFOE, Henan School, Shuren Education, Junshi Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (iv) the exclusive call option agreement entered into by and among WFOE, Shaanxi School, Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (v) the exclusive call option agreement entered into by and among WFOE, Zhaoqing School, Guangzhou Polytechnic School, Lishang Education, Youxin Education, Bangrui Education, Songtian Company, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (vi) the exclusive call option agreement entered into by and among WFOE, Shandong School, Shandong Dazhong Cultural, Renjing Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 November 2019, (vii) the exclusive call option agreement entered into by and among WFOE, Jiangxi School, Nanchang Jiangke, Mr. Yu and Dr. Yu on 16 August 2021, and (viii) the exclusive call option agreement

Report of the Directors

entered into by and among WFOE, Chongqing School, Lexian Education, Huafang Education, Mr. Yu and Mr. Xie dated 5 May 2023 (collectively, the "Exclusive Call Option Agreements"), Mr. Yu, Mr. Xie, Dr. Yu and the relevant consolidated affiliated entities have irrevocably granted WFOE or its designated purchaser the right to purchase all or part of the interests in our relevant PRC operating schools and the relevant consolidated affiliated entities (as the case may be). The purchase price payable by WFOE in respect of the transfer of such sponsor interest upon exercise of the call option shall be the lowest price permitted under the PRC laws and regulations. WFOE or its designated purchaser shall have the right to purchase such proportion of the sponsor interest in our relevant PRC operating schools or the equity interests in the relevant consolidated affiliated entities as it decides at any time.

Substantially similar exclusive call option agreement dated 15 September 2020 has been entered into by and among WFOE, Hainan Cyber Education, Hainan School, Hainan Art School, Qixing Zhiyuan Education, Shuzhi Education, Ms. Wu Yanling and Hainan Shenzheng Industrial Group Co., Ltd., pursuant to which Shuzhi Education and Ms. Wu Yanling granted WFOE an exclusive, unconditional and irrevocable option to purchase from them all or part of their respective equity interests and their respective shares of the assets in Hainan Cyber Education.

School Sponsors' and Directors' Rights Entrustment Agreements And Shareholders' Rights Entrustment Agreements

Pursuant to (i) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Mr. Xie and each director of Guangdong School dated 30 June 2017, (ii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Lihe Education and each director of Guangzhou Technician School dated 14 August 2017, (iii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shuren Education and each director of Henan School appointed by the Group dated 27 February 2019, (iv) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shaanxi Xitie Education and each director of Shaanxi School appointed by the Group dated 27 February 2019, (v) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Songtian Company and each director of Zhaoqing School and Guangzhou Polytechnic School appointed by the Group dated 27 February 2019, (vi) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shandong Dazhong Cultural and each director of Shandong School appointed by the Group dated 27 November 2019, (vii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Nanchang Jiangke and the directors of Jiangxi School dated 16 August 2021, and (viii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Lexian Education and each director of Chongqing School appointed by the Group dated 5 May 2023 (collectively, the "School Sponsors' and Directors' Rights Entrustment Agreements"), the relevant registered school sponsors have irrevocably authorised and entrusted WFOE to exercise all its rights as school sponsor of each of our relevant PRC operating schools and the directors of each relevant school has irrevocably authorised and entrusted WFOE to exercise all his/her rights as directors of our relevant PRC operating schools to the extent permitted by the PRC laws.

Pursuant to (i) the shareholders' rights entrustment agreement entered into by and among WFOE, Huafang Education, Mr. Yu and Mr. Xie dated 14 August 2017, (ii) the shareholders' rights entrustment agreement entered into by and among WFOE, Lihe Education and Huafang Education dated 14 August 2017, and (iii) the shareholders' rights entrustment agreement entered into by and among WFOE, Mr. Yu, Dr. Yu and Nanchang Jiangke dated 16 August 2021 (collectively, the "Shareholders' Rights Entrustment Agreements"), Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education have irrevocably authorised and entrusted WFOE to exercise all his or its rights as shareholders of the relevant consolidated affiliated entities to the extent permitted by the PRC laws.

Report of the Directors

Powers of Attorney

Pursuant to the school sponsors' powers of attorney executed by the registered school sponsors of each of Guangdong School, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School, Shandong School and Chongqing School in favour of WFOE, each of the registered school sponsors authorised and appointed WFOE as its agents to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of our relevant PRC operating schools. WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Each of the school sponsors' powers of attorney shall constitute a part and incorporate terms of the relevant School Sponsors' and Directors' Rights Entrustment Agreement.

Pursuant to the directors' powers of attorney executed by the directors of each of Guangdong School, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School, Shandong School and Chongqing School in favour of WFOE, the directors of each of the schools authorised and appointed WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of our relevant PRC operating schools. WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Each of the directors' powers of attorney shall constitute a part of and embody the terms of the relevant School Sponsors' and Directors' Rights Entrustment Agreement.

Pursuant to the shareholders' powers of attorney executed by each of Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education in favour of WFOE, each of Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education authorised and appointed WFOE, as his or its agent to act on his or its behalf to exercise or delegate the exercise of all his or its rights as shareholders of Huafang Education and Lihe Education and Nanchang Jiangke. Each of the shareholders' powers of attorney shall constitute a part of and embody the terms of the relevant Shareholders' Rights Entrustment Agreement.

With respect to Hainan School and Hainan Art School, powers of attorney have been executed on 15 September 2020 by Shuzhi Education appointing WFOE (or any person designated by WFOE) as its attorney-in-fact to appoint directors and act on its behalf to exercise all its rights as shareholder of Hainan Cyber Education under its articles of association and under the relevant PRC laws and regulations.

Receivables Pledge Agreement

Pursuant to the receivables pledge agreement entered into by and among WFOE, Guangdong School and Mr. Xie dated 30 June 2017 (the "Receivables Pledge Agreement"), each of Mr. Xie and Guangdong School unconditionally and irrevocably pledged and granted first priority security interests over all of his or its interest in (i) receivables from the schools' boarding and tuition fees, (ii) rent from the school's properties, (iii) receivables from services provided by the school and (iv) any proceeds from the sale or transfer of the sponsor interests in Guangdong School by Mr. Xie, together with all related rights thereto to WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by WFOE as a result of any event of default on the part of Mr. Xie or Guangdong School and all expenses incurred by WFOE as a result of enforcement of the obligations of Mr. Xie and/or Guangdong School under the Contractual Arrangements.

Pursuant to the Receivables Pledge Agreement, without the prior written consent of WFOE, Guangdong School shall not transfer the receivables or create further pledge or encumbrance over the pledged interest in the receivables.

Report of the Directors

Account Supervision Agreement

Pursuant to the account supervision agreement entered into by and among WFOE, Guangdong School, Mr. Xie and China Construction Bank Holdings Company Limited Guangzhou Baiyun Branch (中國建設銀行股份有限公司廣州白雲支行) (“Guangdong Bank”) dated 28 August 2017 (the “Account Supervision Agreement”), Guangdong School and Mr. Xie shall each set up a bank account at Guangdong Bank (together, the “Designated Accounts”), for the purpose of safeguarding the WFOE's interests under the Receivables Pledge Agreement. Mr. Xie and Guangdong School shall only use the Designated Accounts in the ordinary course of business except otherwise used with WFOE's prior consent. WFOE shall have the right to supervise the daily operation of the Designated Accounts.

Each of Mr. Xie and Guangdong School shall deposit all of his or its proceeds from receivables or the sale or transfer of sponsor interest (as the case may be) subject to the Receivables Pledge Agreement into his or its Designated Account. Under the Account Supervision Agreement, the daily operation of the Designated Accounts shall be under the supervision of Guangdong Bank on behalf of WFOE.

Equity Pledge Agreements

There are no equity pledge arrangements in relation to Guangdong School. Nevertheless, there are equity pledge agreements in relation to Guangzhou Technician School, which was entered into by and among WFOE, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 14 August 2017 and has been supplemented by a supplemental agreement (the “Supplemental Agreement”), and in relation to Jiangxi School, which was entered into by and among WFOE, Nanchang Jiangke, Mr. Yu and Dr. Yu dated 16 August 2021 (together, the “Equity Pledge Agreements”). The Supplemental Agreement has been entered into with respect to Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and all other schools acquired by the Group after the date of this supplemental agreement by and among WFOE, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 27 February 2019. Pursuant to the Equity Pledge Agreements, Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education shall unconditionally and irrevocably pledge and grant first priority security interests over all of his or its equity interest in Lihe Education, Huafang Education and Nanchang Jiangke, as the case may be, together with all related rights thereto to WFOE as security for performance of the Contractual Arrangements and for payment of all direct, indirect or consequential damages and foreseeable loss of interest incurred by WFOE as a result of any event of default on the part of among others, Mr. Yu, Mr. Xie, Dr. Yu, the relevant consolidated affiliated entities, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and/or all other schools acquired by the Group after the supplemental agreement dated 27 February 2019 and all expenses incurred by WFOE as a result of enforcement of the obligations of among others, Mr. Yu, Mr. Xie, Dr. Yu, the relevant consolidated affiliated entities, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and/or all other schools acquired by the Group after the date of the supplemental agreement dated 27 February 2019 under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreements, without the prior written consent of WFOE, Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest.

Report of the Directors

Listing Rules Implications

Mr. Yu and Mr. Xie are the Executive Directors and substantial shareholders of the Company, and therefore each of them is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Yu and Dr. Yu are Executive Directors which control WFOE and hold 1% and 99% equity interests in Nanchang Jiangke, respectively, Nanchang Jiangke is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirements of Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, including (i) the announcement and independent Shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules. The specific waiver granted by the Stock Exchange is subject to various conditions as disclosed in the "Connected Transactions" section of the Company's prospectus and which include, among others, disclosure in our annual reports of the Contractual Arrangements in place during each financial period, engagement of the Company's auditor to report on the transactions carried out pursuant to 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 issue of letter in respect of the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, and annual review by the INEDs of the Contractual Arrangements and their confirmation in our annual report for the relevant year.

Confirmation from INEDs

Our INEDs have reviewed the Contractual Arrangements and confirmed that during the year ended 31 August 2024 (i) the transactions carried out have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, (iii) save as disclosed in the section headed "Continuing Connected Transactions" in this report, no contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities, and (iv) the transactions contemplated under the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Company's Independent Auditor

Deloitte Touche Tohmatsu, the Company's independent auditor, was 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu has provided a letter to the Board, confirming that the transactions contemplating under the Contractual Arrangements:

- (a) have been approved by the Board;
- (b) have been entered into, in all material respects, in accordance with the relevant Contractual Arrangements;
- (c) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

During the year ended 31 August 2024, no related party transactions disclosed in note 38 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

Risks relating to the Contractual Arrangements

The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected, and additional tax may be imposed, which may materially and adversely affect our results of operations.

The Contractual Arrangements may not be as effective in providing us with control over our consolidated affiliated entities as direct ownership. The beneficial owners of our consolidated affiliated entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition. The sponsor interests in Guangdong School held by Mr. Xie are not capable of being pledged in favour of our WFOE under the PRC laws. Our Contractual Arrangements with respect to this university contain alternative arrangements that may not achieve the level of protection equivalent to typical contractual arrangements with equity pledge arrangements.

Our exercise of the option to acquire the sponsor interests or equity interests of our consolidated affiliated entities may be subject to certain limitations and we may incur substantial costs. Any failure by our consolidated affiliated entities or their respective school sponsors/shareholders to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

We rely on dividend and other payments from WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders. If any of our consolidated affiliated entities becomes subject to winding up or liquidation proceedings, we may lose the ability to use and enjoy certain important assets held by our consolidated affiliated entities, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

The Board will review the Contractual Arrangements at least once a year to ensure the effective implementation of the Contractual Arrangements and compliance with the relevant terms.

Report of the Directors

LOAN AGREEMENTS WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

2018 IFC Loan

On 31 May 2018, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2018 IFC Loan Agreement") with International Finance Corporation ("IFC"), a member of the World Bank Group, as lender in relation to a long-term loan facility up to US\$200,000,000 (the "2018 IFC Loan") and with a term of up to seven years. The 2018 IFC Loan Agreement imposes, among other things, specific performance obligations on the controlling shareholders of the Company, namely Mr. Yu Guo and Mr. Xie Ketao (collectively referred to as the "Controlling Shareholders").

Pursuant to the 2018 IFC Loan Agreement, so long as any of the 2018 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain:

- (i) at all times, effective control of the Company; and
- (ii) directly or indirectly, at all times (a) on or before 15 December 2018, at least 60%; and (b) after 15 December 2018, at least 50% of the beneficial ownership of the issued Shares.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2018 IFC Loan Agreement. Nevertheless, it will not be an event of default in respect of the above shareholding requirement to the extent that the failure to comply is not a result of a direct or indirect transfer of the Shares by the Controlling Shareholders.

In addition, it is also an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 20% or more of the voting share or equity in such entities) of any of them. Nevertheless, if the Controlling Shareholders collectively (whether directly or indirectly) remain as the single largest shareholder of such entity, it would not be a change of control in the context of the above requirement.

If an event of default under the 2018 IFC Loan Agreement occurs and is continuing, the lender may, by notice to the borrowers, require the borrowers to immediately repay the 2018 IFC Loan (or such part of the 2018 IFC Loan) and any other payments pursuant to the 2018 IFC Loan Agreement.

Facility Agreement

On 6 September 2021, Admiral One International Limited (an indirect wholly-owned subsidiary of the Company) as borrower, the Company as guarantor and certain wholly-owned subsidiaries of the Company entered into a facility agreement (the "Facility Agreement") with certain banks as lenders, pursuant to which the lenders agreed to provide a term loan facility of US\$189,500,000 (the "Facility") with a term up to seven years.

Pursuant to the terms of the Facility Agreement, the Controlling Shareholders shall remain the single largest direct or indirect Shareholder. A breach of such undertaking will constitute an event of default under the Facility Agreement and the agent of the lenders may, by notice to the borrower, declare that all or part of the outstanding loan, together with accrued interest and all other amounts accrued or outstanding under the Facility Agreement be immediately due and payable by the borrower.

Report of the Directors

2021 IFC Loan

On 13 September 2021, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2021 IFC Loan Agreement") with IFC as lender in relation to a long-term loan facility up to US\$150,000,000 (the "2021 IFC Loan") and with a term of up to seven years. The 2021 IFC Loan Agreement imposes, among other things, specific performance obligations on the Controlling Shareholders.

Pursuant to the 2021 IFC Loan Agreement, so long as the 2021 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain at all times:

- (1) directly or indirectly at least 50% of the beneficial ownership of the Shares; and
- (2) effective control of the Company.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2021 IFC Loan Agreement.

In addition, it could also constitute an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 50% or more of the voting shares or equity in such entities) of any of them.

If an event of default under the 2021 IFC Loan Agreement occurs and is continuing, the Lender may, by notice to the borrowers, require the borrowers to immediately repay the 2021 IFC Loan (or such part of the 2021 IFC Loan) and any other payments pursuant to the 2021 IFC Loan Agreement.

CONVERTIBLE BONDS DUE 2024

The Company completed the issue of convertible bonds due 2024 bearing interest at the rate of 2.0% per annum in an aggregate principal amount of HK\$2,355,000,000 on 28 March 2019 to enhance its working capital for the Group's continual business development. The convertible bonds were formally listed on the Stock Exchange on 29 March 2019 with stock code number 5926. During the year ended 31 August 2024, the conversion price of the convertible bonds was adjusted from HK\$12.65 per Share to HK\$12.35 per Share due to the payment of final dividend for the year ended 31 August 2023.

On 28 March 2024, the Company has redeemed the outstanding convertible bonds in whole pursuant to the respective terms and conditions of the convertible bonds on the 28 March 2024 (the "Maturity Date"). The convertible bonds have been delisted from the Stock Exchange on the Maturity Date.

For details, please refer to the Company's announcements dated 22 and 28 March 2019, 14 and 16 February 2022, 9 and 28 March 2022, 29 August 2022 and 28 March 2024.

Report of the Directors

UPDATES IN RELATION TO QUALIFICATION REQUIREMENT

On 8 April 2024, National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) and Ministry of Commerce of the PRC (中華人民共和國商務部) jointly promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024) (《外商投資准入特別管理措施(負面清單)》(2024年版), the "Negative List"), which became effective on 1 November 2024. Pursuant to the Negative List, higher education in the PRC is a "restricted" industry. In particular, the Negative List explicitly restricts higher education institutions to Sino-Foreign cooperation, meaning that foreign investors may only operate higher education institutions through cooperating with PRC incorporated entities that are in compliance with the Regulations on Sino-Foreign Cooperative Education of the PRC (《中華人民共和國中外合作辦學條例》, which was promulgated by the State Council on 1 March 2003, taking effect as from 1 September 2003, amended on 18 July 2013, and further amended on 2 March 2019, the "Sino-Foreign Regulation"). In addition, the Negative List 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 the schools shall be a PRC national, and (b) the representative of the domestic party shall account for no less than 50% of the total members of the board of directors, the executive council or the joint administration committee of the Sino-Foreign cooperative educational institution. Pursuant to the Negative List, vocational education in the PRC is the "permitted" industry. However, the Administrative Measures for the Sino-Foreign Cooperative Education on Vocational Skills Training (《中外合作職業技能培訓辦學管理辦法》) (the "Sino-Foreign Vocational Skills Training Measures") explicitly restrict vocational education to Sino-Foreign cooperation, meaning that foreign investors may only operate vocational training schools through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation.

In relation to the interpretation of Sino-Foreign cooperation, pursuant to the Implementing Rules for the Regulations on Operating Sino-Foreign Schools (《中華人民共和國中外合作辦學條例實施辦法》, issued by the MOE on 2 June 2004 and became effective on 1 July 2004) (the "Implementing Rules"), the foreign investor in a Sino-Foreign Joint Venture Private Higher Education School must be a foreign educational institution with relevant qualification and high quality of education (the "Higher Education Qualification Requirement"). Similarly, pursuant to the Sino-Foreign Vocational Skills Training Measures, the foreign investor in a Sino-Foreign Joint Venture Private Vocational Education School must be a foreign education institution with relevant qualification and high quality of education (the "Vocational Education Qualification Requirement") (Higher Education Qualification Requirement and Vocational Education Qualification Requirement are collectively referred as "Qualification Requirement"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields 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 "Implementation Opinions"), which was issued by the MOE on 28 June 2012, the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "Foreign Ownership Restriction") and the establishment of these schools is subject to approval of education authorities at the provincial or national level.

Report of the Directors

Currently, laws and regulations are uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant authority that it meets the Qualification Requirement. Notwithstanding the foregoing, the Company is committed to working towards meeting the Qualification Requirement and has implemented a business plan to ensure our compliance with Qualification Requirement and with a view to expanding our education operations overseas. In 2019, the Company acquired King's Own Institute in Sydney, Australia, a higher education institute that is accredited in Australia to award both bachelor's and master's degrees and is recognised by the MOE. We will continue to disclose our progress in the implementation of our overseas expansion plans and updates to the Qualification Requirement in our annual and interim reports.

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

As disclosed in the section headed "Business — Properties" in the prospectus of the Company dated 5 December 2017, land use right certificate for a parcel of land has not been obtained (the "Land Issue"), and building ownership certificates for certain buildings have not been obtained and the relevant fire control assessment requirements have not been complied with (the "Building and Fire Control Issues"). We have been in discussion with the relevant parties and in the process of applying for re-compliance of the relevant certificates, permits and fire control assessment procedures (the "Rectification"). Such rectification would involve protracted discussions with various government authorities and time-consuming government administrative processes. As at the date of this report, the application is in progress and we have not obtained any formal approvals from the relevant government authorities for the submissions that we made in relation to the Rectification.

We commissioned qualified independent third parties to undertake a seismic resistance assessment and fire safety assessment on the buildings that do not have building ownership certificates. According to the assessment reports, no material safety issues were identified and the relevant buildings had passed the assessments; buildings can be operated normally as long as they maintain their existing safety conditions.

Furthermore, as disclosed in the prospectus, we acquired the land use right certificate for the first phase of the site of Zhongluotan Land with a site area of 188,666 sq.m. which would be developed into a new campus of Guangdong School. The new campus would have ample capacity to accommodate the expansion of the school and to facilitate the relocation of the existing operations of the buildings (the "Old Buildings") affected by the Land Issue, and the Building and Fire Control Issues. The new campus commenced operation in the 2019/2020 academic year and the operations in the Old Buildings would also be gradually relocated to the new campus. We will continue to disclose our progress in the rectification and the relocation of the existing operations of the Old Buildings in our annual and interim report.

In view of the mitigating actions that have been taken by the Group, the Directors considered that the Land Issue, and the Building and Fire Control Issues of the Old Buildings would not have a material adverse effect on the operation of the schools.

Report of the Directors

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

None of the Directors or any of their respective associates has engaged in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration

As at 31 August 2024, the Group had 18,677 employees (31 August 2023: 16,468), a 13% increase from 2023's due to organic growth in employees in our existing schools and new campuses.

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position. Schools participate in social insurance plans (pension, housing provident fund, medical, unemployment, work injury and maternity insurance) under the guidance of relevant national, provincial, and municipality policies and provide a variety of benefits for employees.

Our employees are members of retirement benefits schemes administrated by their respective jurisdictions. Employers and employees are required to contribute to the retirement benefits scheme in accordance with the respective local laws and regulations.

Recruitment

The Group follows the Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline. All candidates with employment offer will have to sign the employment contract as soon as reporting to work, and we stipulate the probation period according to law. Near the end of the probation period, human resources department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period according to job responsibilities and employment conditions, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

Report of the Directors

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, having regard to their relevant experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration. Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in note 11 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's 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

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the Directors, the Company continues to meet the prescribed public float under the Listing Rules.

TAX RELIEF AND EXEMPTION

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

PERMITTED INDEMNITY PROVISIONS

The company has in force permitted indemnity provisions for the benefit of the directors of the Company and other members of the Group during the financial year and up to the date of this report. There are permitted indemnity provisions in the Company's Articles of Association to provide indemnity to the Directors against any third party liability incurred by them in discharging their duty. The Company has also maintained a directors and officers liability insurance to cover against legal actions and potential liability to third parties.

DONATION

During the year ended 31 August 2024, the Group made RMB1,389,000 of charitable donation to public welfare and charitable organizations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During 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.

Report of the Directors

AUDITOR

The consolidated financial statements of the Group for the year ended 31 August 2024 have been audited by Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM for the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Company.

On behalf of the Board

Yu Kai Wang Rui
Co-Chairmen

Hong Kong, 26 November 2024

Independent Auditor's Report

Deloitte.

德勤

**TO THE SHAREHOLDERS OF
CHINA EDUCATION GROUP HOLDINGS LIMITED**

中國教育集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Education Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 147 to 238, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

How our audit addressed the key audit matter

Impairment assessments of goodwill and intangible assets with indefinite useful life of certain cash-generating units ("CGUs")

We identified the impairment assessments of goodwill and intangible assets with indefinite useful life of certain CGUs as at 31 August 2024 as a key audit matter due to the complexity and significant estimates involved in the assessment process by the management of the Group.

As at 31 August 2024, the carrying amounts of the Group's goodwill and intangible assets with indefinite useful life are RMB2,494 million and RMB4,084 million, respectively, as disclosed in note 16 to the consolidated financial statement.

As disclosed in note 17 to the consolidated financial statements, for the purpose of assessing impairment of goodwill and intangible assets with indefinite useful as at 31 August 2024, recoverable amounts of the respective CGUs have been determined by the management of the Group based on calculation of value in use, using financial budgets with reference to the relevant CGUs' past performances and management's expectations for the market development, where the key assumptions and estimates included the discount rates, growth rates for student number, tuition fee, cost of revenue in the value in use calculations.

Based on the management's assessment, an aggregate amount of impairment loss of RMB1,911 million in relation to goodwill and intangible assets with indefinite useful life of certain CGUs has been recognised for the year ended 31 August 2024.

Our procedures in relation to the impairment assessments of goodwill and intangible assets with indefinite useful life of certain CGUs included:

- Checking the arithmetical accuracy of the calculations underlying the impairment assessments;
- Evaluating the competence, capabilities and objectivity of the independent valuer engaged by the management in calculating the value in use for impairment assessments as at 31 August 2024;
- Involving our internal valuation expert to assist the reviews of the valuations performed by the independent valuer in respect of the value in use calculations as at 31 August 2024;
- Assessing the appropriateness of the key assumptions adopted in the value in use calculations for impairment assessments, by checking historical budgets against historical results and management's expectations for growth rates for student number, tuition fee, cost of revenue and other sources of external information; and
- Testing source data, on a sample basis, to supporting evidence, such as approved budgets.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chung Chi Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2024

	NOTES	Year ended 31 August	
		2024 RMB million	2023 RMB million
Revenue	5	6,579	5,616
Cost of revenue		(2,935)	(2,452)
Gross profit		3,644	3,164
Investment income	6(a)	101	77
Other income	6(b)	357	286
Other gains and losses	7	(1,975)	(540)
Selling expenses		(190)	(182)
Administrative expenses		(965)	(775)
Finance costs	8	(472)	(469)
Profit before taxation		500	1,561
Taxation	9	2	(20)
Profit for the year	10	502	1,541
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3	–
Total comprehensive income for the year, net of tax		505	1,541
Profit for the year attributable to:			
— owners of the Company		418	1,380
— non-controlling interests		84	161
		502	1,541
Total comprehensive income for the year attributable to:			
— owners of the Company		421	1,380
— non-controlling interests		84	161
		505	1,541
Earnings per share	13		
Basic (RMB cents)		16.13	55.31
Diluted (RMB cents)		16.13	55.22

Consolidated Statement of Financial Position

At 31 August 2024

	NOTES	At 31 August	
		2024 RMB million	2023 RMB million
NON-CURRENT ASSETS			
Property, plant and equipment	14	21,706	17,668
Right-of-use assets	15	2,476	2,334
Goodwill	16	2,494	3,627
Other intangible assets	16	4,084	4,840
Deposits paid for acquisition of property, plant and equipment/right-of-use assets	18	210	188
Contract costs	19	59	61
Other prepayment and deposits	20	–	25
Deferred tax asset	29	18	27
Restricted bank deposits	22	12	11
		31,059	28,781
CURRENT ASSETS			
Trade receivables, deposits, prepayments and other receivables	20	1,092	1,123
Financial assets at fair value through profit or loss	21	295	570
Contract costs	19	58	59
Restricted bank deposits	22	81	44
Cash and cash equivalents	22	6,238	5,177
		7,764	6,973
CURRENT LIABILITIES			
Trade payables	23	41	52
Contract liabilities	24	4,635	3,821
Other payables and accrued expenses	25	2,787	2,269
Deferred income	26	52	58
Provisions	27	278	325
Lease liabilities	28	19	27
Income tax payable		79	96
Bank and other borrowings and bonds	30(a)	2,497	1,581
Convertible bonds	30(b)	–	3
		10,388	8,232
NET CURRENT LIABILITIES		(2,624)	(1,259)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,435	27,522

Consolidated Statement of Financial Position

At 31 August 2024

	NOTES	At 31 August	
		2024 RMB million	2023 RMB million
NON-CURRENT LIABILITIES			
Other payables	25	597	514
Deferred income	26	70	64
Lease liabilities	28	109	46
Deferred tax liabilities	29	1,386	1,572
Bank and other borrowings and bonds	30(a)	7,740	7,022
		9,902	9,218
		18,533	18,304
CAPITAL AND RESERVES			
Share capital	31	—*	—*
Reserves		15,848	15,574
Equity attributable to owners of the Company		15,848	15,574
Non-controlling interests		2,685	2,730
		18,533	18,304

* Less than RMB1 million.

The consolidated financial statements on pages 147 to 238 were approved and authorised for issue by the Board of Directors on 26 November 2024 and are signed on its behalf by:

Dr. Yu Kai
DIRECTOR

Mr. Wang Rui
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 August 2024

	Attributable to owners of the Company											Total RMB million
	Share capital RMB million	Share premium RMB million	Merger reserve RMB million (Note i)	Other reserve RMB million (Note ii)	Deferred consideration shares RMB million	Share options reserve RMB million	Statutory surplus reserve RMB million (Note iii)	Exchange reserve RMB million	Retained profits RMB million	Sub-total RMB million	Non-controlling interests RMB million	
At 1 September 2022	-*	6,013	182	(339)	229	92	2,126	(44)	5,749	14,008	2,569	16,577
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	-	1,380	1,380	161	1,541
Dividends recognised as distribution (note 12)	-	(1,217)	-	-	-	-	-	-	-	(1,217)	-	(1,217)
Issue of shares (note 31)	-*	1,415	-	-	-	-	-	-	-	1,415	-	1,415
Transaction costs attributable to issue of shares (note 31)	-	(9)	-	-	-	-	-	-	-	(9)	-	(9)
Issue of consideration shares (note 31)	-*	229	-	-	(229)	-	-	-	-	-	-	-
Repurchase of shares (note 31)	-*	(20)	-	-	-	-	-	-	-	(20)	-	(20)
Transfer	-	-	-	-	-	-	317	-	(317)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	17	-	-	-	17	-	17
At 31 August 2023	-*	6,411	182	(339)	-	109	2,443	(44)	6,812	15,574	2,730	18,304
Profit for the year	-	-	-	-	-	-	-	-	418	418	84	502
Other comprehensive income for the year	-	-	-	-	-	-	-	3	-	3	-	3
Total comprehensive income for the year	-	-	-	-	-	-	-	3	418	421	84	505
Dividends recognised as distribution (note 12)	-	(833)	-	-	-	-	-	-	-	(833)	-	(833)
Issue of shares (note 31)	-*	594	-	-	-	-	-	-	-	594	-	594
Acquisition of additional interest in a subsidiary	-	-	-	5	-	-	-	-	87	92	(129)	(37)
Transfer	-	-	-	-	-	-	333	-	(333)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-*	-	-	-	-	-	-
At 31 August 2024	-*	6,172	182	(334)	-	109	2,776	(41)	6,984	15,848	2,685	18,533

* Less than RMB1 million.

Consolidated Statement of Changes in Equity

For the year ended 31 August 2024

Notes:

- i. Amounts represent the transfer of the combined paid-in capital of the subsidiaries comprising the Group to the merger reserve upon the Company became the holding company of the Group upon the reorganisation in 2017.
- ii. The other reserve represents (i) the difference between the principal amounts of consideration paid and the relevant share of carrying value of the subsidiary's net assets acquired from/disposed to the non-controlling interests in current and prior years; (ii) the deemed distribution to equity holders which represents the differences between the fair value of the lower-than-market interest rate advances to Mr. Yu Guo ("Mr. Yu") and Mr. Xie Ketao ("Mr. Xie"), the Controlling Equity Holders (as defined in note 1), and an entity controlled by Mr. Xie and the principal amount of the advances at initial recognition in prior years; (iii) the deemed distributions to equity holders which represents the differences between the carrying amount of the lower-than-market interest rate advances to Mr. Yu and Mr. Xie and the amount received for the settlement in prior years; (iv) capital contribution from Mr. Yu through a company controlled by him in prior years; (v) the difference between the fair value of consideration paid for further acquisition of subsidiaries in prior years and the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.
- iii. Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the Mainland China shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant subsidiaries in the Mainland China. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.

For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant Mainland China entity's registered capital.

According to the relevant PRC laws and regulations, for private school of which the school sponsor does not require reasonable return, it is required to appropriate to development fund of not less than 10% (2023: 10%) of the annual increase in non-restricted net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.

Consolidated Statement of Cash Flows

For the year ended 31 August 2024

	Year ended 31 August	
	2024 RMB million	2023 RMB million
OPERATING ACTIVITIES		
Profit before taxation	500	1,561
Adjustments for:		
Share-based payment expenses	–	17
Depreciation of property, plant and equipment	793	662
Depreciation of right-of-use assets	76	65
Amortisation of intangible assets	–	5
Finance costs	472	469
Impairment loss recognised under expected credit loss model, net of reversal	19	8
Impairment loss recognised in respect of goodwill	1,139	206
Impairment loss recognised in respect of intangible assets	772	252
Fair value change on financial assets at fair value through profit or loss	(11)	(33)
Fair value change on construction cost payable for school premises	39	39
Asset related government grants	(23)	(19)
Interest income from banks and loan receivables	(101)	(77)
Loss on disposal of property, plant and equipment, net	26	2
Foreign exchange (gain) loss, net	(26)	65
Operating cash flows before movements in working capital	3,675	3,222
Decrease in contract costs	3	29
Decrease in trade receivables, deposits, prepayments and other receivables	131	18
Increase in deferred income	2	44
Decrease in trade payables	(11)	(4)
Increase in other payables and accrued expenses	140	35
Decrease in provisions	(47)	(46)
Increase in contract liabilities	814	643
Cash generated from operations	4,707	3,941
Income tax paid	(192)	(95)
NET CASH FROM OPERATING ACTIVITIES	4,515	3,846

Consolidated Statement of Cash Flows

For the year ended 31 August 2024

	NOTES	Year ended 31 August	
		2024 RMB million	2023 RMB million
INVESTING ACTIVITIES			
Payments/deposits paid for acquisition of property, plant and equipment/right-of-use assets		(4,434)	(2,818)
Purchase of structured deposits		(1,037)	(1,130)
Purchase of money market funds		(640)	(2,158)
Loan advanced to third parties		(62)	(60)
Placement of restricted bank deposits		(53)	(55)
Settlement of consideration payables		(21)	(36)
Redemption of structured deposits		1,061	1,033
Withdrawal of money market funds		902	1,933
Interest received from banks		69	55
Withdrawal of restricted bank deposits		15	463
Government grants received		21	21
Repayment of loan advanced to third party		–	44
Proceeds from disposal of property, plant and equipment		–	5
NET CASH USED IN INVESTING ACTIVITIES		(4,179)	(2,703)
FINANCING ACTIVITIES			
New bank borrowings raised		2,549	2,668
New other borrowings raised		1,056	407
Repayment of bank borrowings		(1,227)	(2,873)
Repayment of other borrowings	30(b)	(742)	(1,053)
Interest paid		(551)	(504)
Dividend paid		(243)	(1,217)
Settlement of long-term construction cost payables for school premises		(39)	(39)
Payment for additional interest in a subsidiary		(37)	–
Repayment of lease liabilities		(29)	(25)
Repayment to connected entities of a non-controlling interest		(5)	–
Redemption of convertible bonds	30(b)	(3)	–
Repurchase of shares		–	(20)
Proceeds from issuance of bonds		–	486
Proceeds from issuance of new shares, net of transaction costs		–	1,406
NET CASH FROM (USED IN) FINANCING ACTIVITIES		729	(764)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,065	379
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		5,177	4,793
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(4)	5
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		6,238	5,177

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 19 May 2017. Its ultimate controlling parties are Mr. Yu and Mr. Xie (Mr. Yu and Mr. Xie collectively referred to as the "Controlling Equity Holders"), who are the former Co-chairmen of the board and former executive directors of the Company. Both of Mr. Yu and Mr. Xie retired as executive directors and Co-chairmen with effective from 27 June 2024. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2017 (the "Listing"). The address of the registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the address of principal place of business of the Company is Unit 1202, 12/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the operation of private higher vocational and secondary vocational education institutions.

The Group conducts a substantial portion of the business through Consolidated Affiliated Entities under Contractual Arrangements (as detailed and defined in note 39) in the Mainland China.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual periods beginning on 1 September 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. IAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁴
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ⁴
IFRS 18	Presentation and Disclosure in Financial Statements ⁵

¹ Effective for annual periods beginning on or after a date to be determined

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

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

⁴ Effective for annual periods beginning on or after 1 January 2026

⁵ Effective for annual periods beginning on or after 1 January 2027

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (the “2020 Amendments”) and Amendments to IAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (the “2020 Amendments”) and Amendments to IAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”) (Continued)

As at 31 August 2024, the Group's right to defer settlement for borrowings of RMB1,675 million are subject to compliance with certain financial ratios within 12 months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 August 2024. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date. The Group will disclose additional information about the covenants and facts and circumstances that indicate the Group may have difficulty complying with the covenants.

Except for as disclosed above, the application of the 2020 and 2022 Amendments will not affect the reclassification of the Group's other liabilities as at 31 August 2024.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements, include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration of the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets of RMB2,624 million as at 31 August 2024. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors of the Company consider that after taking into account the internal fund resources, the Group will have sufficient working capital to satisfy its present requirements for at least twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation of consolidated financial statements (Continued)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements are determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.

(b) Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including the Consolidated Affiliated Entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Indemnification assets

Indemnification assets are recognised at acquisition dates upon business combination as assets and on the same basis as the indemnified items which are recognised as liabilities of the acquired subsidiaries, and are subject to impairment assessment at the end of the reporting period based on the evaluation of collectability. Indemnification assets are only derecognised when collected, disposed or when rights to it are lost.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligations, representing tuition, boarding and ancillary services, are transferred to the students.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Contract liabilities represent the Group's obligation to transfer goods or services to the students for which the Group has received tuition fees, boarding fees and fees for ancillary services from the students.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs (mainly representing teaching staff costs, rental expenses and depreciation of school premises) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Revenue from contract with customers (Continued)

Incremental costs of obtaining a contract (Continued)

The Group recognises such costs (mainly representing commissions to agents for successful referral of students) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate.

Leases

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of network servers that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Foreign currencies

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of 'exchange reserve' (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium.

Taxation

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Taxation (Continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the Group's consolidated statement of financial position include (i) cash, which comprises of cash on hand and demand deposits; and (ii) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables arising from revenue from contracts with customers.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification of debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and bank and other borrowings and bonds are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities (as detailed and defined in note 39) in the Mainland China due to regulatory restrictions on foreign ownership in the Group's schools in the Mainland China. The Group does not have any equity interest in the Consolidated Affiliated Entities. The management of the Group assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the 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. After assessment, the management of the Group concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements (as detailed and defined in note 39) and other measures and accordingly, the assets, liabilities and their operating results of the Consolidated Affiliated Entities are included in the consolidated financial statements throughout the year or since the respective dates of incorporation/establishment/acquisition, whichever is the shorter period.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the operating results, assets and liabilities of the Consolidated Affiliated Entities. The management of the Group, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Critical judgments in applying accounting policies (Continued)

(ii) Intangible assets (other than goodwill) with indefinite useful lives

The management of the Group considers that the brand names, as set out in note 16, for all practical purposes have indefinite useful lives and are therefore not amortised until their useful lives are determined to be finite. The brand names are tested for impairment annually.

(b) Key sources of estimation uncertainty

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

(i) Impairment assessment of goodwill and other intangible assets with indefinite useful life

Determining whether goodwill and other intangible assets with indefinite useful life (representing brand names) is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which these assets has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGU) and a suitable discount rate in order to calculate the present value. Key assumptions and estimates include the discount rates, growth rates for student number, tuition fee and cost of revenue in the value in use calculations. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. In estimating the recoverable amount of the CGU (or group of CGUs), the Group engaged an independent qualified external valuer to perform the valuation and worked with the independent qualified external valuer to establish inputs to the valuation.

As at 31 August 2024, the carrying amounts of goodwill and brand names were RMB2,494 million (2023: RMB3,627 million) and RMB4,084 million (2023: RMB4,840 million), respectively, of which certain CGU were impaired. Details of the recoverable amounts' calculation are disclosed in note 17.

(ii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down assets that have been abandoned or impaired. As at 31 August 2024, the carrying amount of property, plant and equipment was RMB21,706 million (2023: RMB17,668 million). Any changes in these estimates may have a material impact on the results of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) Income taxes

Management estimation is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to PRC Enterprise Income Tax ("EIT") as disclosed in note 9. New information may become available that causes the Group to change its estimation regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period in which the new information are available based on the executions and local practices of the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, as well as other relevant tax rules and regulation.

As at 31 August 2024, the Group submitted the applications for the election for three schools (2023: three) in the Mainland China for the conversion into for-profit private schools (the "Conversion") in accordance with these laws and regulations.

As at 31 August 2024, the Conversion of the three (2023: three) schools was still in process and their tax positions have not been changed. During the year ended 31 August 2024, except for one (2023: one) school which is chargeable at the standard EIT rate based on the local practice of the region where the school is located, all other schools, including the three in the process of Conversion, followed previous EIT preferential treatments for the tuition and certain related incomes according to the current tax practice.

Should any school elected and be approved to be for-profit upon completion of the Conversion, the relevant school may not be able to follow previous EIT preferential treatments for the tuition and certain related incomes. Consequently, the discontinuation of the preferential tax treatment would cause an increase in the tax expense in the future. The Group has considered all relevant facts and circumstances, including the executions and local practices of the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time; the plans for election, progress and results of the Conversion for individual schools of the Group; as well as other relevant tax rules and regulations, when assessing the effect of the estimation uncertainty by using the most likely amounts.

In addition, as at 31 August 2024, a deferred tax asset of RMB18 million (2023: RMB27 million) in relation to unused tax losses for certain operating subsidiaries has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

5. REVENUE AND SEGMENT INFORMATION

The Group mainly engages in the provision of vocational education services. Revenue represents services income from education and ancillary services in the domestic and international markets.

Information reported to the Group's chief operating decision maker ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, was based on the geographical locations of the customers, namely domestic market and international market. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" in the current year are as follows:

- Domestic Market segment focuses in the domestic Mainland China market, comprising education services (including tuition fees and boarding fees) delivered by higher vocational education institutions and secondary vocational education institutions as well as ancillary services; and
- International Market segment focuses in the international market, comprising education services (including tuition fees and boarding fees) delivered by institutions outside of the Mainland China.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Domestic Market RMB million	International Market RMB million	Total RMB million
<i>For the year ended 31 August 2024</i>			
Revenue	6,335	244	6,579
Segment results	2,822	51	2,873
Investment income			101
Other gains and losses			(1,975)
Finance costs			(472)
Unallocated corporate income and expenses			(27)
Profit before taxation			500
<i>For the year ended 31 August 2023</i>			
Revenue	5,396	220	5,616
Segment results	2,482	34	2,516
Investment income			77
Other gains and losses			(540)
Finance costs			(469)
Unallocated corporate income and expenses			(23)
Profit before taxation			1,561

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Domestic Market RMB million	International Market RMB million	Unallocated RMB million	Total RMB million
<i>For the year ended 31 August 2024</i>				
Depreciation of property, plant and equipment	785	5	3	793
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	57	16	3	76
Impairment losses on goodwill and intangible assets recognised in profit or loss (not included in segment results)	1,720	191	–	1,911
<i>For the year ended 31 August 2023</i>				
Depreciation of property, plant and equipment	654	5	3	662
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	46	15	4	65
Amortisation of intangible assets	5	–	–	5
Impairment losses on goodwill and intangible assets recognised in profit or loss (not included in segment results)	458	–	–	458

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of investment income, other gains and losses, finance costs and unallocated corporate income and expenses (including central administrative expenses). This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services

The following is an analysis of the Group's revenue by types of services:

	Domestic Market RMB million	International Market RMB million	Total RMB million
<i>Year ended 31 August 2024</i>			
Education services recognised over time	6,299	244	6,543
Ancillary services recognised over time	36	–	36
	6,335	244	6,579
<i>Year ended 31 August 2023</i>			
Education services recognised over time	5,361	220	5,581
Ancillary services recognised over time	35	–	35
	5,396	220	5,616

The Group's contracts with students in the Mainland China are normally with duration of 1 year and renewed up to total duration of 3–5 years depending on the education programmes while for Australia are normally with duration of 4 months and renewed up to total duration of 1–3 years. Contract period for boarding fees are normally with duration of 1 year. Tuition and boarding fees are fixed, determined and paid by the students before the start of each school year or trimester, while the ancillary services are charged based on students' usage at a fixed rate.

Geographical information

The Group mainly operates in the Mainland China and Australia.

Information about the Group's revenue from customers is presented based on the location of operations and the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from customers Year ended 31 August		Non-current assets (Note) At 31 August	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
Mainland China	6,335	5,396	30,291	27,868
Australia	244	220	736	849
Hong Kong, China	–	–	2	1
	6,579	5,616	31,029	28,718

Note: Non-current assets exclude financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services (Continued)

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 August 2024 or 2023.

Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts for education services and ancillary services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. INVESTMENT AND OTHER INCOME

(a) Investment income

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Banks interest income	69	55
Loan receivables interest income	32	22
	101	77

(b) Other income

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Income from on-campus management and service to vendors	132	100
Other service income	58	41
Government grants (Note)	74	58
Others	93	87
	357	286

Note: Government grants mainly represent subsidies for procurement of laboratory apparatus and equipment and conducting educational programmes for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

7. OTHER GAINS AND LOSSES

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Foreign exchange gains (losses), net	26	(66)
Impairment loss recognised in respect of		
— goodwill (note 17)	(1,139)	(206)
— other intangible assets (note 17)	(772)	(252)
Impairment loss under ECL model, net of reversal, recognised in respect of trade and other receivables (note 20)	(19)	(8)
Loss on disposal of property, plant and equipment, net	(26)	(2)
Fair value gains (losses) on/of		
— financial assets at FVTPL	11	33
— construction cost payables for school premises	(39)	(39)
Others	(17)	—
	(1,975)	(540)

8. FINANCE COSTS

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Interest expenses on bank and other borrowings and bonds	553	529
Interest on lease liabilities	7	4
Imputed interest on fees payable for conversion of certain independent colleges into private universities	2	3
	562	536
Less: amounts capitalised in the cost of property, plant and equipment	(90)	(67)
	472	469

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.36% per annum (2023: 5.57% per annum), to expenditure on construction in progress (included in property, plant and equipment).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

9. TAXATION

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Income tax charge (credit):		
Current tax		
— EIT	170	93
— Australian Corporate Income Tax	8	7
Overprovision in prior years — EIT	(3)	(7)
Deferred tax (note 29)	(177)	(73)
	(2)	20

The taxation can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Profit before taxation	500	1,561
Tax at PRC EIT rate of 25%	125	390
Tax effect of income not taxable for tax purposes	(1,445)	(1,226)
Tax effect of expenses not deductible for tax purposes	1,302	840
Overprovision in respect of prior years	(3)	(7)
Others	19	23
Tax (credit) charge for the year	(2)	20

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for both years.

All group entities incorporated in Australia are subject to corporate income tax rate of 30% for both years.

Pursuant to the Enterprise Income Tax law and Implementation Regulations of the Law of the PRC (the "EIT Law of PRC"), the statutory tax rate of the Mainland China subsidiaries is 25% for both years, except for 華教教育科技(江西)有限公司 (Huajiao Education Technology (Jiangxi) Company Limited) ("Huajiao Education"), which was granted concessionary tax rate of 15% for the 10 calendar years ending 31 December 2030 from tax authority and certain subsidiaries of the Company operating in the Mainland China are eligible for concessionary tax rates of 5% for being small profit enterprises.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

9. TAXATION (Continued)

According to the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, private schools providing academic qualification education for which the school sponsors do not require reasonable returns or schools elected to be not-for-profit are eligible to enjoy the same preferential tax treatment as public schools.

As at 31 August 2024, the Group submitted the applications for the Conversion which were still in process for three (2023: three) schools and their tax positions have not been changed. Other eight (2023: eight) schools have not yet elected to be for-profit or not-for-profit since it was not compulsory to elect up to the end of the current reporting period. During the year ended 31 August 2024, except for one (2023: one) school which is chargeable at the standard EIT rate based on the local practice of the region where the school is located, all other schools, including the three in the process of Conversion, followed previous EIT preferential treatment for the tuition and certain related incomes according to the current tax practice.

During the year ended 31 August 2024, the non-taxable education services amounted to RMB5,708 million (2023: RMB4,843 million), and the related non-deductible expense amounted to RMB3,796 million (2023: RMB3,078 million). If the schools elected and were approved to be for-profit, the schools may not be able to follow previous EIT preferential treatment for the tuition and certain related incomes upon completion of the Conversion. Consequently, the discontinuation of the preferential tax treatment would cause an increase in the tax expense in the future.

10. PROFIT FOR THE YEAR

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Profit for the year has been arrived at after charging:		
Staff costs, including directors' remuneration (note 11)		
— salaries and other allowances	1,764	1,473
— retirement benefit scheme contributions	292	226
— share-based payments	—*	17
Total staff costs	2,056	1,716
Depreciation of property, plant and equipment	793	662
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	76	65
Amortisation of intangible assets (included in cost of revenue)	—	5
Auditor's remuneration	5	6

* Less than RMB1 million

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

Details of the emoluments paid or payable by the Group to the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities) for the year are as follows:

	Directors' fee, salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 August 2024			
<i>Executive directors:</i>			
Mr. Yu (retired with effect from 27 June 2024)	960	16	976
Mr. Xie (retired with effect from 27 June 2024)	1,040	110	1,150
Dr. Yu Kai ("Dr. Yu") (Note)	2,517	162	2,679
Mr. Wang Rui	2,413	16	2,429
<i>Independent non-executive directors:</i>			
Dr. Gerard A. Postiglione	273	–	273
Dr. Rui Meng	273	–	273
Dr. Wu Kin Bing	273	–	273
	7,749	304	8,053
For the year ended 31 August 2023			
<i>Executive directors:</i>			
Mr. Yu	960	16	976
Mr. Xie	960	108	1,068
Dr. Yu	2,453	157	2,610
Mr. Wang Rui	2,369	16	2,385
<i>Independent non-executive directors:</i>			
Dr. Gerard A. Postiglione	260	–	260
Dr. Rui Meng	260	–	260
Dr. Wu Kin Bing	260	–	260
	7,522	297	7,819

For the year ended 31 August 2023, in addition to the directors' emoluments disclosed above, the estimated fair values of the share options granted under the Pre-IPO Share Option Scheme (as defined and detailed in note 33(a)) to Mr. Yu, Mr. Xie and Dr. Yu amounting to RMB3,628,000, RMB3,628,000, and RMB3,628,000 respectively, are recognised as equity-settled share-based payments. The estimated fair value of the share options granted was calculated by the Binomial model as detailed in note 33. Taking into consideration of the equity-settled share-based payments, total remunerations of Mr. Yu, Mr. Xie, Dr. Yu for the year ended 31 August 2023 amounted to RMB4,604,000, RMB4,696,000 and RMB6,238,000 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and chief executive (Continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs and for their services as directors of the Company and the Group for the year. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note: Dr. Yu, son of Mr. Yu, is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive of the Group.

Employees

The five highest paid individuals of the Group included 2 (2023: 3) directors for the year ended 31 August 2024 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2023: 2) individuals for the year ended 31 August 2024 are as follows:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Salaries and other benefits	4	4
Discretionary bonus	-	1
Equity-settled share-based payments	-*	2
	4	7

* Less than RMB1 million.

The number of the highest paid individual(s), other than directors of the Company, whose emoluments fell within the following band(s) is as follows:

	Year ended 31 August	
	2024 Number of employee	2023 Number of employee
HK\$1,000,001 to HK\$1,500,000	3	-
HK\$3,500,001 to HK\$4,000,000	-	1
HK\$4,500,001 to HK\$5,000,000	-	1

During the years ended 31 August 2024 and 2023, no emoluments was paid by the Group to the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees (Continued)

None of the directors of the Company or the chief executive of the Company waived or agreed to waive any emoluments during both years.

During the years ended 31 August 2024 and 2023, certain non-director and non-chief executive employees were granted share options, in respect of their services to the Group under the Post-IPO Share Option Schemes of the Company. Details of the share option schemes are set out in note 33.

12. DIVIDENDS

During the year, the Company recognised the following dividend as distribution:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Final dividend for the year ended 31 August 2023 of RMB13.53 cents (2023: RMB33.57 cents final dividend for the year ended 31 August 2022) per ordinary share	342	806
Interim dividend for the six months ended 29 February 2024 of RMB18.77 cents (2023: RMB16.38 cents interim dividend for the six months ended 28 February 2023) per ordinary share	491	415
	833	1,221

The 2023 final dividend and 2024 interim dividend were settled in cash, with an alternative to receive the dividend (or part thereof) in form of scrip shares. The 2023 final dividend and 2024 interim dividend have been settled by cash of RMB243 million and the issue of 162,250,731 ordinary shares of the Company in aggregate.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2024 of RMB10.28 cents per ordinary share (2023: RMB13.53 cents per ordinary share), in an aggregate amount of RMB279 million (2023: RMB345 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	418	1,380
Effect of dilutive potential ordinary shares:		
Fair value change on convertible bonds	—*	—*
Profit for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	418	1,380
	Year ended 31 August	
	2024 million	2023 million
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,592	2,495
Effects of dilutive potential ordinary shares:		
Share options granted under Pre-IPO Share Option Scheme	—	4
Convertible bonds	—	—*
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,592	2,499

* Less than RMB1 million/1 million shares.

The weighted average number of ordinary shares for purpose of calculating basic earnings per share for the years ended 31 August 2023 has included the deferred consideration shares of the Company in relation to the acquisition of the Long Link Investment Limited ("Long Link") and its subsidiaries for the year ended 31 August 2023.

The computation of diluted earnings per share for the years ended 31 August 2024 did not assume the exercise of the Company's share options granted under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme (2023: Post-IPO Share Option Scheme) as defined in note 33 as the adjusted exercise prices of those share options were higher than the average market price of the shares of the Company for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Owned properties RMB million	Leasehold improvements RMB million	Motor vehicles RMB million	Furniture, fixtures and office equipment RMB million	Construction in progress RMB million	Total RMB million
COST						
At 1 September 2022	14,656	807	40	1,565	734	17,802
Additions	10	182	8	440	1,997	2,637
Transfer	1,909	103	–	11	(2,023)	–
Disposals	(8)	–	(12)	(80)	–	(100)
At 31 August 2023	16,567	1,092	36	1,936	708	20,339
Additions	–	83	5	489	4,280	4,857
Transfer	3,769	53	–	43	(3,865)	–
Disposals	(42)	(1)	(1)	(37)	–	(81)
At 31 August 2024	20,294	1,227	40	2,431	1,123	25,115
DEPRECIATION						
At 1 September 2022	1,062	304	28	708	–	2,102
Provided for the year	307	93	4	258	–	662
Eliminated on disposals	(4)	–	(11)	(78)	–	(93)
At 31 August 2023	1,365	397	21	888	–	2,671
Provided for the year	351	111	5	326	–	793
Eliminated on disposals	(16)	(1)	(1)	(37)	–	(55)
At 31 August 2024	1,700	507	25	1,177	–	3,409
CARRYING VALUE						
At 31 August 2024	18,594	720	15	1,254	1,123	21,706
At 31 August 2023	15,202	695	15	1,048	708	17,668

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residual value, are depreciated on a straight-line basis at the following useful life:

Owned properties	Over the shorter of 50 years or the terms of the leases
Leasehold improvements	Over the shorter of 10 years or the terms of the leases
Motor vehicles	4–5 years
Furniture, fixtures and office equipment	4–5 years

At 31 August 2024, the Group is in the process of obtaining the property certificates for the owned properties with carrying value of RMB3,825 million (2023: RMB5,516 million) which are located in the Mainland China. In the opinion of the management of the Group, the absence of formal title does not impair the value of the relevant owned properties and the Group shall use its best endeavours to obtain the formal title of these owned properties.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

15. RIGHT-OF-USE ASSETS

	At 31 August	
	2024 RMB million	2023 RMB million
Leasehold lands	2,358	2,275
Leased properties	118	59
	2,476	2,334
Expense relating to short-term leases	6	—*
Total cash outflow for leases	184	461
Depreciation charge for		
— leasehold lands	59	56
— leased properties	25	26
	84	82
Additions to right-of-use assets from		
— new leases of lands in the Mainland China	142	310
— new leases of properties in the Mainland China	—	1
— new leases of properties in Hong Kong	2	—
— new leases of properties in Australia	82	4

* Less than RMB1 million.

The above items of right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

The Group leases school premises, office premises, student dormitories and staff quarters for its operations. At 31 August 2024, lease contracts are entered into for fixed term of 3 years to 13 years (2023: 3 years to 13 years), but may have extension option as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

15. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several school buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

At 31 August 2024 and 2023, none of the leasehold lands was allocated by various governments in the Mainland China, which have no definite lease term stated in the relevant land use rights certificates. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or pledge as security such land use rights allocated by relevant governments.

During the year, the Group entered into new lease agreements for the use of certain leased properties. On the lease commencement, the Group recognised right-of-use assets of RMB84 million (2023: RMB5 million) and lease liabilities of RMB84 million (2023: RMB5 million).

The Group regularly entered into short-term leases for network servers. As at 31 August 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in several leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. These extension options held are exercisable only by the Group and not by the lessor.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option which has been included in determination of lease term at lease commencement date, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 August 2024 and 2023, there is no such triggering event.

In addition, lease liabilities as set out in note 28 are recognised with related leased properties as set out above as at 31 August 2024 and 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as securities for borrowing purposes.

To better manage the Group's capital structure and financing needs, the Group would consider entering into sale and leaseback arrangements in relation to lease improvements and furniture, fixtures and office equipment. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of certain plant and equipment amounting to RMB879 million (2023: RMB986 million) as collaterals. As at 31 August 2024, borrowings amounting to RMB741 million (2023: RMB883 million) were raised in respect of such sale and leaseback arrangements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	Other intangible assets			
	Goodwill RMB million (Note (i))	Brand names RMB million (Note (ii))	Student rosters RMB million (Note (iii))	Total RMB million
COST				
At 1 September 2022	3,964	5,095	102	5,197
Exchange realignment	(2)	(3)	–	(3)
At 31 August 2023	3,962	5,092	102	5,194
Exchange realignment	6	16	–	16
At 31 August 2024	3,968	5,108	102	5,210
AMORTISATION AND IMPAIRMENT				
At 1 September 2022	129	–	97	97
Impairment loss recognised in the year	206	252	–	252
Charge for the year	–	–	5	5
At 31 August 2023	335	252	102	354
Impairment loss recognised in the year	1,139	772	–	772
At 31 August 2024	1,474	1,024	102	1,126
CARRYING VALUES				
At 31 August 2024	2,494	4,084	–	4,084
At 31 August 2023	3,627	4,840	–	4,840

Notes:

- i. Particulars regarding impairment testing on goodwill are disclosed in note 17.
- ii. Brand name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand 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 17.
- iii. Student roster has finite estimated useful lives and it is amortised based on expected usage of student roster.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and brand names with indefinite useful lives set out in note 16 have been allocated to seven individual CGUs (2023: nine) and two group of CGUs (2023: one), comprising of eight (2023: nine) CGUs in the domestic market and one CGU (2023: one) in the international market. The carrying amounts of goodwill and brand names (net of accumulated impairment losses, if any) as at 31 August 2024 and 2023 allocated to these units are as follows:

	Goodwill At 31 August		Brand names with indefinite useful life At 31 August	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
Domestic Market				
CGU A (Note (i))	367	367	410	410
CGU B (Note (ii))	111	111	115	115
CGU C (Note (iii))	172	172	222	222
CGU D (Note (iv))	1,492	1,281	955	910
CGU E (Note (v))	–	693	1,419	1,885
CGU F (Note (vi))	326	326	200	200
CGU G (Note (vii))	–	–	130	130
CGU H (Note (viii))	–	255	50	356
CGU I (Note (iv))	N/A	211	N/A	45
International Market				
CGU J (Note (ix))	26	211	583	567
	2,494	3,627	4,084	4,840

In addition to goodwill and brand names with indefinite useful life above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets thereto) that generate cash flows together with the related goodwill and brand names with indefinite useful life are also included in the respective CGUs (representing respective schools) for the purpose of the impairment assessment.

During the year ended 31 August 2023, the Group estimated the value in use of the CGU G and concluded that carrying amounts of the relevant assets of this CGU were impaired to their recoverable amount as at 31 August 2023. During the year ended 31 August 2024, the Group conducted the same assessments for CGUs E, H and J and concluded that carrying amounts of their relevant assets were impaired to their recoverable amount as at 31 August 2024. Except for above, the management of the Group determines that the recoverable amount of each of other CGUs exceeds the respective carrying value as at both 31 August 2024 and 2023 (i.e. positive headroom), and consequently no impairment of any other CGUs or group of CGUs containing goodwill and brand names with indefinite useful lives during the years ended 31 August 2024 and 2023 has been made.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amount of all of the Group's CGUs or group of CGUs containing goodwill and brand names with indefinite useful lives as at 31 August 2024 and 2023 have been determined based on a value in use calculation. The Group engages an independent qualified valuer, Asset Appraisal Limited, to perform the value in use calculation. The management of the Group works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to these models. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and discount rates specific to the respective CGUs or group of CGUs in the range of 12.5% to 22.7% as at 31 August 2024 (2023: ranging from 12.5% to 20.5%). The cash flows beyond the five-year period of the respective CGUs or group of CGUs are extrapolated using steady growth rates in the range of 2.0% to 2.5% as at 31 August 2024 (2023: ranging from 2.0% to 3.0%). These growth rates of respective CGUs or group of CGUs are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. The compound annual growth rates of revenue in the next five years (which mainly reflect the combined effects of growth rates of student number and tuition fee) were in the range of 1.4% to 21.8% as at 31 August 2024 (2023: ranging from 0.2% to 16.7%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows, which include growth rates of cost of revenue, based on the past performance of the respective CGUs or group of CGUs and the management's expectations for the market developments. These value in use calculations as at 31 August 2024 and 2023 have been assessed carefully by management of the Group taking into consideration the multiple uncertainties and challenges in the post-pandemic era.

The sensitivity analyses below for the respective CGUs or group of CGUs have been determined based on a multiple on discount rates by 105% (2023: 105%) underpinning further possible changes of discount rates underlying the calculation of value in use of respective CGU or group of CGU, and drops in student intakes in the forecast period by 10% (2023: 10%) in relevant CGUs or group of CGUs where applicable.

Notes:

- i. CGU A operates two schools, Guangzhou College of Applied Science and Technology and Guangzhou Songtian Polytechnic College, to provide education services in Guangdong Province, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, the aggregate carrying amounts of this group of CGUs as at 31 August 2024 and 2023 would not exceed the aggregate recoverable amounts. Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the aggregate carrying amounts of this group of CGUs to materially exceed its aggregate recoverable amounts.
- ii. CGU B operates a school, Yantai Institute of Science and Technology, to provide education services in Shandong Province, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2024 would exceed its recoverable amount by RMB13 million, while the carrying amount of this CGU as at 31 August 2023 would not exceed its recoverable amount. Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

- iii. CGU C operates a school, Chongqing Institute of Foreign Studies, to provide education services in Chongqing municipality, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2024 would not exceed the aggregate recoverable amounts (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB77 million). The management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.
- iv. CGU D operates two schools, Haikou University of Economics and Affiliated Art School of Haikou University of Economics, to provide education services in Hainan Province, the PRC during the year ended 31 August 2024 (2023: Haikou University of Economics was operated under CGU D while Affiliated Art School of Haikou University of Economics was operated under CGU I in previous reporting, see below). If the discount rate of CGU D changed by a multiple on discount rate by 105% while other parameters remain constant, the aggregate carrying amounts of this group of CGUs as at 31 August 2024 would not exceed its aggregate recoverable amounts. The management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this group of CGUs to materially exceed its aggregate recoverable amounts.

During the year ended 31 August 2024, the management and operations of CGU I in previous reporting has been integrated into the enlarged CGU D, which is the lowest level at which goodwill and intangible assets with indefinite useful lives are monitored for internal management purposes.

As at 31 August 2023, if the discount rate of the original CGU D changed by a multiple on discount rate by 105% while other parameters remain constant, the carrying amount of the original CGU D as at 31 August 2023 would exceed its recoverable amount by RMB160 million while for the same change, the carrying amount of the original CGU I as at 31 August 2023 would not exceed their respective recoverable amounts. Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of the original CGU D or CGU I to materially exceed their respective recoverable amounts as at 31 August 2023.

- v. CGU E operates a school, Chengdu Jincheng College, to provide education services in Sichuan Province, the PRC. During the year ended 31 August 2024, it came to the attention of the management of the Group that a regulatory change affecting this CGU. In particular, the implementation of a cap on new student tuition fees in the region where the school of this CGU is located takes effect from Autumn 2024. According to the regulation issued by the relevant regional authority in 2020, the tuition fees for private colleges and universities in the region where the school of this CGU is located are market-regulated, with the specific charging standards determined autonomously by the schools based on a comprehensive consideration of factors such as educational costs, market demand, local economic conditions, and the affordability of the population. The new cap released by the regional authority during the year and set to be implemented for the 2024/25 academic year immediately was not previously anticipated by the management of the Group until its release. This limitation is expected to constrain the growth of tuition fee levels, which are much lower than previously expected by the management of the Group, for the foreseeable future, thus directly impacting the revenue of this CGU. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition of impairments of goodwill and brand names with indefinite useful life directly related to the CGU E amounting to RMB693 million and RMB466 million, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

v. (Continued)

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the years ended 31 August 2024. No write-down of other assets of the CGU E is considered necessary for any of the years ended 31 August 2024 or 2023. The recoverable amount of the CGU E amounted to RMB3,528 million (2023: RMB5,085 million) as at 31 August 2024.

If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB182 million would be recognised (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB183 million).

If the number of student intake in the subsequent years of the forecast period dropped by 10% (2023: 10%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB369 million would be recognised (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB370 million).

Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

- vi. CGU F operates a school, Baiyun Technician College, to provide education services in Guangdong Province, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2024 would exceed its recoverable amount by RMB13 million (2023: RMB3 million). Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.
- vii. CGU G operates a school, Zhengzhou Urban Transit School, to provide education services in Henan Province, the PRC. During the year ended 31 August 2023, the management of the Group noticed that although the covid-related restrictions have been lifted, the Autumn 2023 new student enrolments of the school comprising this CGU did not immediately fully recover to the pre-pandemic levels. The management of the Group also noticed that the new student enrolments of similar programmes offered by other education institutions in the region in which the school of this CGU located also significantly decreased compared to the pre-pandemic levels, suggesting that there may have been a change in the customer trends and preferences. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition impairment of goodwill and brand names with indefinite useful life directly related to the CGU G amounting to RMB206 million and RMB252 million, respectively.

These impairment losses have been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2023. No write-down of other assets of the CGU G is considered necessary for any of the years ended 31 August 2024 or 2023. The recoverable amount of the CGU G amounted to RMB923 million (2023: RMB812 million) as at 31 August 2024.

If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2024 would exceed its recoverable amount by RMB10 million (2023: a further impairment of other assets of this CGU by RMB74 million would be recognised). The management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

- viii. CGU H operates a school, Xi'an Railway Technician College, to provide education services in Shaanxi Province, the PRC. During the year ended 31 August 2024, the management of the Group noticed shifts in customer preferences and increased market competition for this CGU. The combined effects of these unfavorable factors started to negatively impact the enrolments of new students for Autumn 2024 for this CGU. During the student recruitment process for Autumn 2024, management of the Group observed that prospective students are showing increased interest in alternative categories of institutions, such as public schools, which offer programmes comparable to those provided by the school of this CGU. The management of the Group anticipates that the disappointing intakes of new students for Autumn 2024 will ineluctably affect new student recruitments of the school of this CGU in the foreseeable future. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition impairments of goodwill and brand names with indefinite useful life directly related to the CGU H amounting to RMB255 million and RMB306 million, respectively.

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the years ended 31 August 2024. No write-down of other assets of the CGU H is considered necessary for any of the years ended 31 August 2024 or 2023. The recoverable amount of the CGU H amounted to RMB1,029 million (2023: RMB1,503 million) as at 31 August 2024.

If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB27 million (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB45 million) would be recognised.

If the number of student intake in the subsequent years of the forecast period dropped by 10% (2023: 10%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB67 million would be recognised (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB138 million).

Save for the above scenarios, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

- ix. CGU J operates a school, King's Own Institute, to provide education services in Australia. During the year ended 31 August 2024, the Group's management observed that the country where the school of this CGU is located may implement measures to limit the number of international students entering the country. There were no such limitation previously. The bill regarding the aforementioned policy changes was proposed in the second half of the year and is expected to be implemented in 2025 according to the government. The Group's management believes that these potential changes in migration policy and the potential subsequent implementations could negatively impact new student enrollments at the school within this CGU in the upcoming academic year. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition impairments of goodwill directly related to the CGU J amounting to RMB191 million.

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the years ended 31 August 2024. No write-down of other assets of the CGU J is considered necessary for any of the years ended 31 August 2024 or 2023. The recoverable amount of the CGU J amounted to RMB517 million (2023: RMB723 million) as at 31 August 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

ix. (Continued)

If the discount rate changed by a multiple on discount rate by 105% (2023: 105%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB22 million would be recognised (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB16 million).

If the number of student intake in the subsequent years of the forecast period dropped by 10% (2023: 10%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB88 million would be recognised (2023: the carrying amount of this CGU would exceed its recoverable amount by RMB89 million).

Save for the above scenarios, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

The deposits paid for acquisition of right-of-use assets represents deposits paid for leasehold lands located in the Mainland China.

19. CONTRACT COSTS

Contract costs capitalised as at 31 August 2024 and 2023 relate 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 the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related tuition services are recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 August 2024 was RMB81 million (2023: RMB68 million). There was no impairment in relation to the costs capitalised during the years ended 31 August 2024 and 2023.

The contract costs are amortised over the duration of the tuition programmes ranging from 3 to 5 years (2023: 3 to 5 years).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

20. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 August	
	2024 RMB million	2023 RMB million
Trade receivables (Notes (i) and (vi))	60	45
Less: allowance for credit losses	(28)	(14)
	32	31
Receivables from educational bureaus (Note (i))	31	40
Loan receivables, net of allowance (Notes (ii) and (vi))	318	236
Indemnification assets (Note (iii))	250	297
Amounts due from a vendor of acquired schools (Note (iv))	187	174
Deposits (Note (v))	70	86
Other prepayments and receivables, net of allowance (Note (vi))	204	284
	1,092	1,148
Non-current	–	25
Current	1,092	1,123
	1,092	1,148

Notes:

- i. For schools in the Mainland China, the students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in September except for adult education which normally commences in January, February or March. Meanwhile, for higher education institutions of the Group outside the Mainland China, the students are required to pay tuition fees in advance for the upcoming trimesters, which normally commences in March, July and November. The outstanding receivables represent amounts related to students who have applied for delayed payments of tuition fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collaterals or other credit enhancements over its trade receivable balances.

The following is an analysis of trade receivables and receivables from education bureaus, net of allowance for credit losses, by age, presented based on debit notes.

	At 31 August	
	2024 RMB million	2023 RMB million
0–90 days	28	26
91–120 days	8	3
Over 120 days	27	42
	63	71

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

20. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- ii. The loan receivables are non-trade in nature, interest bearing at 12% (2023: 12%) per annum, unsecured and repayable within twelve months from the end of the reporting period. As at 31 August 2024 and 2023, the entire balance of the loan commitment granted by the Group has been drawn down by the counterparty.
- iii. Indemnification assets are recognised upon business combination as assets of the Group and on the same basis as the indemnified items, representing provisions for certain compliance matters as detailed in note 27, which are recognised as liabilities of certain acquisition targets in prior years. The indemnification assets are subject to impairment assessment at the end of the reporting period based on the evaluation of collectability.
- iv. The amounts represent payments made by the Group for settlement of litigation of acquired schools that are recoverable from a vendor pursuant to an acquisition agreement. The amounts are interest free, unsecured and the management of the Group expects that the amounts would be settled together with deferred consideration payable to the vendor.
- v. As at 31 August 2023, included in the amounts are deposits secured for long-term borrowings under sale and leaseback arrangements that are accounted for as financing arrangements amounting to RMB25 million. These amounts are repayable beyond twelve months after the end of the reporting period and are presented as non-current assets. There is no such non-current balance as at 31 August 2024.
- vi. The movements in the allowance for credit losses (not credit-impaired) in respect of trade receivables, other receivables and loan receivables during the years ended 31 August 2024 and 2023 is as follows:

	Trade receivables RMB million	Other receivables RMB million	Loan receivables RMB million	Total RMB million
At 1 September 2022	10	14	9	33
Impairment loss recognised during the year (note 7)	6	1	1	8
Write off during the year	(2)	–	–	(2)
At 31 August 2023	14	15	10	39
Impairment loss recognised during the year (note 7)	15	2	2	19
Write off during the year	(1)	–	–	(1)
At 31 August 2024	28	17	12	57

The credit risk management policy and ECL assessment process of the Group are detailed in note 35(b).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 August	
	2024 RMB million	2023 RMB million
Structured deposits (Notes (i) and (ii))	295	307
Money market funds (Note (i))	–	263
	295	570

Notes:

- i. Details of the fair value measurement for the financial assets at FVTPL are set out in note 35. Except for the structured deposits of carrying amount of RMB35 million as at 31 August 2024 (2023: the money market funds of carrying amount of RMB213 million) which is denominated in United States Dollars (“US\$”), all of the financial assets at FVTPL are denominated in RMB, which is the same as the functional currency of the relevant group entities.
- ii. As at 31 August 2024 and 2023, the structured deposits were issued by banks and financial institutions in the Mainland China and Hong Kong. The expected rates of return (not guaranteed) of the structured deposits depend on the foreign exchange rates and market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets, as follow:

	At 31 August	
	2024	2023
Structured deposits	1.50% to 4.60%	1.72% to 3.12%

At 31 August 2024, structured deposits of carrying amount of RMB221 million (2023: RMB175 million) are restricted to redeem from 35 to 360 days (31 August 2023: from 14 to 122 days) from the relevant dates of issuances. Other than these amounts, all of the other structured deposits are redeemable at any time with prior notice.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

22. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

Cash and cash equivalents comprise cash and short-term deposits held by the Group with an original maturity of three months or less. As at 31 August 2024, the Group's bank deposits carried weighted-average interest rates of 0.49% per annum (2023: 0.52% per annum).

As at 31 August 2024 and 2023, certain amounts of restricted bank deposits are placed as securities for the Group's long-term construction contracts. These restricted bank deposits carried weighted-average interest rates of 0.13% (2023: 0.20%) per annum and are classified as non-current assets.

Except for bank balances as set out below, all of the other bank balances and cash, restricted bank deposits and short-term deposits are denominated in currencies which are the same as the functional currencies of the relevant group entities.

	At 31 August	
	2024 RMB million	2023 RMB million
HK\$	34	42
US\$	337	31
Great Britain Pound ("GBP")	3	–
Australian Dollar ("AUD")	29	–
	403	73

23. TRADE PAYABLES

The credit period granted by suppliers for payables on purchase of consumables and provision of services ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period.

	At 31 August	
	2024 RMB million	2023 RMB million
0–30 days	5	6
31–90 days	31	44
Over 90 days	5	2
	41	52

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

24. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	At 31 August	
	2024 RMB million	2023 RMB million
Education services	4,627	3,814
Ancillary services	8	7
	4,635	3,821

As at 1 September 2022, contract liabilities amounted to RMB3,178 million.

Revenue amounting to RMB3,821 million (2023: RMB3,178 million) recognised during the year ended 31 August 2024 relates to carried-forward contract liabilities. No revenue recognised during the year ended 31 August 2024 (2023: nil) relates to performance obligation that were satisfied in prior periods.

Typical payment terms which impact on the amount of contract liabilities recognised related to tuition fee, boarding fees and services fee for ancillary services are set out below.

When the Group receives the prepayments before commencement of school terms/trimesters, tuition courses or provision of ancillary services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the prepayments. The Group typically receives the amounts in full before relevant services commence.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

25. OTHER PAYABLES AND ACCRUED EXPENSES

	At 31 August	
	2024 RMB million	2023 RMB million
Discretionary government subsidies receipt in advance (<i>note (i)</i>)	204	189
Receipt on behalf of ancillary services providers	420	396
Long term construction cost payables for school premises (<i>note (ii)</i>)	564	385
Construction cost payables and retention money payables for school premises (<i>note (iii)</i>)	1,132	822
Accrued staff benefits and payroll	177	143
Fees payable for conversion of certain independent colleges into private universities (<i>note (iv)</i>)	59	72
Deferred cash consideration (<i>note (v)</i>)	366	387
Other tax payables	4	15
Amount due to connected entities of a non-controlling interest (<i>note (vi)</i>)	14	19
Other payables and accruals (<i>note (vii)</i>)	444	355
	3,384	2,783
Current	2,787	2,269
Non-current	597	514
	3,384	2,783
Financial liabilities at amortised cost	2,586	2,193
Accruals and others	234	205
Financial liabilities at FVTPL	564	385
	3,384	2,783

Notes:

- i. The amounts represent scholarships and government subsidies to be distributed from time to time or upon demand to eligible students and teachers of the schools based mainly on the financial conditions or academic achievements of students and teachers, on behalf of the government.
- ii. Long term construction cost payables for school premises arose from arrangements between the Group and other constructors for building student dormitories and academic building, pursuant to which the constructors are entitled to future cash payments with payment terms ranging from 39 to 42 years (2023: 40 to 42) years after completion of construction, typically with guaranteed amounts and variable premium proportionate to boarding fees and tuition fees earned by respective buildings they constructed and are designated as at FVTPL calculated by discounting the expected future cash flow, with change in fair value recognised in profit or loss. Included in long term construction cost payables for school premises are amounts of RMB512 million (2023: RMB385 million) which are payable beyond twelve months after the end of the reporting period and are presented as non-current liabilities as at 31 August 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

25. OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Notes: (Continued)

- iii. The construction cost payable, and retention money payables for school premises include an amount of RMB41 million which is payable beyond twelve months after the end of the reporting period and presented as non-current liabilities as at 31 August 2023. There is no such non-current balance as at 31 August 2024.
- iv. The amount includes fees payable for conversions of two schools from independent colleges into full private universities. Included in the amount is RMB20 million (2023: RMB29 million) which is payable beyond twelve months after the end of the reporting period and is presented as non-current liabilities as at 31 August 2024 and 2023.
- v. The amounts represent consideration payables for the acquisitions of certain schools in prior years and current year.
- vi. The entire amount as at 31 August 2024 and 2023 represent payables to entities controlled by a substantial shareholder of a non-controlling interest of a subsidiary of the Company, and are interest free, unsecured and repayable within twelve months from the end of the reporting period.
- vii. Other payables includes an amount of RMB65 million (2023: RMB59 million) payable beyond twelve months after the end of the reporting period and is therefore presented as non-current liabilities as at 31 August 2024.

26. DEFERRED INCOME

	At 31 August	
	2024 RMB million	2023 RMB million
Government grants		
— current portion	52	58
— non-current portion	70	64
	122	122

The above amounts represent subsidies receipt in advance from government mainly for procurement of laboratory apparatus and equipment, conducting educational programmes and certain infrastructure constructions in the Mainland China.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

27. PROVISIONS

The amount of provisions assumed through acquisitions of businesses, representing (a) provisions for compliance matters, mainly on social insurance benefit, housing provident fund, lack of building ownership certificates for certain school premises and idle lands and (b) provision for legal cases, is the best estimate of the considerations required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Certain of the aforementioned compliance matters and legal cases are indemnified by respective vendors. Indemnification assets as set out in note 20 are recognised upon acquisitions of businesses in prior years and adjusted according to subsequent development of the indemnified matters.

	Compliance matters	Legal cases	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
At 1 September 2023	253	72	325
Adjustments due to change of estimation	–	(28)	(28)
Settlements during the year	–	(19)	(19)
At 31 August 2024	253	25	278

28. LEASE LIABILITIES

	At 31 August	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Lease liabilities payable:		
Within one year	19	27
Within a period of more than one year but not more than two years	16	18
Within a period of more than two years but not more than five years	85	20
Within a period of more than five years	8	8
	128	73
Less: Amount due for settlement with 12 months shown under current liabilities	(19)	(27)
Amount due for settlement after 12 months shown under non-current liabilities	109	46

Except for lease liabilities of RMB2 million (2023: RMB1 million) as at 31 August 2024 which is denominated in HK\$, all of the lease liabilities are denominated in currencies which are the same as the functional currencies of the relevant group entities.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

29. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 August	
	2024 RMB million	2023 RMB million
Deferred tax assets	(18)	(27)
Deferred tax liabilities	1,386	1,572
	1,368	1,545

The following are the deferred tax (asset) liability recognised and movements thereon during the current and prior years:

	Tax losses RMB million	Accelerated tax depreciation RMB million	Fair value adjustments of intangible assets, right-of-use assets and property, plant and equipment on business combinations RMB million	Total RMB million
At 1 September 2022	(13)	113	1,518	1,618
(Credit) charge to profit or loss (note 9)	(14)	12	(71)	(73)
At 31 August 2023	(27)	125	1,447	1,545
Charge (credit) to profit or loss (note 9)	9	7	(193)	(177)
At 31 August 2024	(18)	132	1,254	1,368

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by subsidiaries in the Mainland China from 1 January 2008 onwards. As at 31 August 2024, no deferred taxation regarding such withholding tax has been provided as the subsidiaries in the Mainland China have accumulated losses and have no retained profits available for distribution (2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

30. BORROWINGS

(a) Bank and other borrowings and bonds

	At 31 August	
	2024 RMB million	2023 RMB million
Bank borrowings		
— secured	5,898	4,930
— unsecured	1,703	1,359
Other borrowings		
— secured	1,542	1,208
— unsecured	89	110
Guaranteed Bonds (defined below) due in 2025 and 2026		
— guaranteed and unsecured	1,005	996
Total	10,237	8,603
Variable-rate borrowings	7,294	5,261
Fixed-rate borrowings	2,943	3,342
	10,237	8,603

The other borrowings represent loans from independent financial institutions.

At 31 August 2024 and 2023, bonds in an aggregate principal amount of RMB1,000 million issued by the Company, among which RMB500 million and RMB500 million are due in 2026 and 2025 respectively, bearing interest at the rate of 4% per annum and are guaranteed by Credit Guarantee and Investment Facility ("CGIF") (the "Guaranteed Bonds"). The Guaranteed Bonds are listed on the Singapore Exchange Securities Trade Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

30. BORROWINGS (Continued)

(a) Bank and other borrowings and bonds (Continued)

At 31 August 2024 and 2023, secured bank borrowings are secured by tolling rights of tuition fee, boarding fee and ancillary income of certain schools of the Group and equity interest of several subsidiaries and consolidated affiliated entities of the Company while secured other borrowings are secured by tolling rights of tuition fee, boarding fee and ancillary income of certain schools of the Group, deposits and plant and equipment under sale and leaseback arrangements and equity interest of a subsidiary of the Company.

	Bank borrowings		Other borrowings		Guaranteed Bonds		Total	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
The carrying amounts of the above borrowings are repayable*:								
Within one year	1,352	977	640	604	505	–	2,497	1,581
Within a period of more than one year but not exceeding two years	887	894	217	482	500	500	1,604	1,876
Within a period of more than two years but not exceeding five years	2,998	2,623	492	174	–	496	3,490	3,293
Within a period of more than five years	2,364	1,795	282	58	–	–	2,646	1,853
	7,601	6,289	1,631	1,318	1,005	996	10,237	8,603
Less: Amounts due within one year shown under current liabilities	(1,352)	(977)	(640)	(604)	(505)	–	(2,497)	(1,581)
Amounts shown under non-current liabilities	6,249	5,312	991	714	500	996	7,740	7,022

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

30. BORROWINGS (Continued)

(a) Bank and other borrowings and bonds (Continued)

The variable-rate bank and other borrowings carried interest with reference to the Benchmark Borrowing Rate of The People's Bank of the PRC, Loan Prime Rate of The People's Bank of the PRC or the Secured Overnight Financing Rate ("SOFR"). The range of effective interest rates on the Group's borrowings are as follows.

	At 31 August	
	2024	2023
Effective interest rate:		
Fixed-rate borrowings	3.45% to 10.47%	3.65% to 10.47%
Variable-rate borrowings	2.70% to 9.64%	2.50% to 9.13%

Except for bank and other borrowings and bonds of carrying amount of RMB1,830 million as at 31 August 2024 (2023: RMB1,498 million) which is denominated at US\$, all of the borrowings are denominated in RMB which is the same as the functional currency of the relevant group entities.

(b) Convertible bonds

	RMB million
At 1 September 2022	3
Change in fair value charged to profit or loss	—*
Interest paid	—*
At 31 August 2023	3
Change in fair value charged to profit or loss	—*
Interest paid	—*
Redemption	(3)
At 31 August 2024	—

* Less than RMB1 million

On 28 March 2019, the Company completed the issue of convertible bonds with the aggregate principal amount of HK\$2,355 million (equivalent to RMB2,007 million), at the interest rate of 2% per annum with maturity date on 28 March 2024.

The fair value of the convertible bonds as at 31 August 2023 was determined by the directors of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

31. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company up to 31 August 2024 are as follow:

	Number of shares	Share capital HK\$ (Note (v))
<i>Ordinary shares of HK\$0.00001 each</i>		
Authorised		
At 1 September 2022, 31 August 2023 and 31 August 2024	50,000,000,000	500,000
Issued and fully paid		
At 31 August 2022	2,387,070,387	23,871
Issue of new shares under placing agreements (Note (i))	147,000,000	1,470
Issue of deferred consideration shares (Note (ii))	20,687,068	207
Repurchase of own shares for cancellation (Note (iii))	(3,923,000)	(39)
Issue of new shares as scrip dividends (Note (iv))	456,035	4
Exercise of share options	250,000	2
At 31 August 2023	2,551,540,490	25,515
Issue of new shares as scrip dividends (Note (iv))	162,250,731	1,623
At 31 August 2024	2,713,791,221	27,138

Notes:

- (i) On 9 January 2023, the Company entered into the placing agreements (the "2023 Placing Agreements") with the Vendors and an placing agent and a subscription agreement (the "2023 Subscription Agreement") with the Vendors, pursuant to which the placing agent agreed to place 147,000,000 existing shares to certain placees at HK\$10.94 per share (the "2023 Placing"), and the Vendors agreed to subscribe for 147,000,000 new shares of the Company at HK\$10.94 per share (the "2023 Subscription"), respectively. The 2023 Placing and the 2023 Subscription were completed on 12 January 2023 and 17 January 2023 respectively, in accordance with the terms and conditions of the 2023 Placing Agreements and the 2023 Subscription Agreement. The proceeds, net of related fees and expenses, from the 2023 Subscription amounted to HK\$1,598 million (equivalent to RMB1,406 million). The new shares rank pari passu with the existing shares in all respects.
- (ii) On 26 July 2021, the Group entered into an acquisition agreement in respect of the acquisition of entire equity interest in Long Link. Part of the consideration is 58,996,455 shares of the Company at the contractual issue price of HK\$15.69 per share. Certain conditions have to be fulfilled or waived before the Company issues these shares and 38,309,387 of these consideration shares have been allotted and issued in previous years. On 13 January 2023, the remaining 20,687,068 of these consideration shares have been allotted and issued. The excess of the quoted market price at the acquisition date of the 20,687,068 shares amounting to RMB229 million over the par value has been credited to the share premium. The new shares rank pari passu with the existing shares in all respects.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

31. SHARE CAPITAL (Continued)

Notes: (Continued)

- (iii) In September 2022, the Company repurchased a total of 3,923,000 its own ordinary shares through the Stock Exchange with price per share ranging from HK\$5.35 to HK\$6.28 per share for an aggregate consideration of RMB20 million. These shares have been cancelled before the end of the relevant reporting period.
- (iv) During the year, 162,250,731 (2023: 456,035) ordinary shares of the Company were issued in form of scrip shares as an alternative for the owners of the Company to receive the dividend (or part thereof).
- (v) Each of the movement of the issued capital of the Company during the years ended 31 August 2024 and 2023 and their balances as at 1 September 2022, 31 August 2023 and 31 August 2024 is less than RMB1 million.

32. RETIREMENT BENEFIT PLANS

The Group participated in the MPF Scheme for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees of the Group in the Mainland China are members of a state-managed retirement benefits scheme operated by the various governments in the Mainland China. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

In accordance with the relevant rules and regulations in Australia, the Group's Australian subsidiaries are required to contribute a minimum of 10%, which was revised as 10.5% effective from 1 July 2022, of the employee's ordinary time earnings for all qualifying employees in Australia to any complying superannuation funds of employees' own choice.

The Group's contribution to the retirement benefit schemes for its employees in Hong Kong, the Mainland China and Australia are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 of the Listing Rules.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year are disclosed in note 10.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS

(a) Share option schemes of the Company

The Company has adopted two share option schemes, namely pre initial public offering share option scheme (the "Pre-IPO Share Option Scheme") and post initial public offering share option scheme (the "Post-IPO Share Option Scheme").

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted pursuant to a resolution passed on 27 November 2017 for the primary purpose of providing incentives to directors and eligible employees. Under the Pre-IPO Share Option Scheme, the directors of the Company may grant options to eligible directors and employees to subscribe for shares in the Company, up to a total of 45,500,000 shares on such terms as determined by the directors of the Company. The terms of the offer may include but are not limited to, any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the board of directors such other terms either on a case by case basis or generally.

Pursuant to the Pre-IPO Share Option Scheme, on every anniversary of the Listing (from the first anniversary to the fifth anniversary), a maximum of 20% of the underlying shares in respect of the options may be vested to the grantee, subject to the satisfaction of performance condition as determined by the remuneration committee at its discretion. In determining whether the performance condition is satisfied, the remuneration committee will assess the overall financial position and operating conditions of the Group on each vesting date, with a focus on growth, reputation, closing price of the Company's shares on the Stock Exchange, return to shareholders, dividend paid and industry ranking. In particular, the remuneration committee will also benchmark the Group's key performance metrics that it considers appropriate against comparable companies in the education industry and listed on a recognised stock exchange.

An option may be exercised in accordance with the terms of the Pre-IPO Option Scheme at any time during a period to be determined and notified by the directors of the Company to each grantee which period shall not expire later than 10 years from the date of Listing.

The price for the subscription of ordinary shares in relation to each option granted under the Pre-IPO Option Scheme shall be such price as may be determined by the directors of the Company. An option may be exercised in whole or in part by the grantee and the subscription price of the ordinary shares shall be fully paid by the grantee to the Company upon exercise of the option.

At 31 August 2024, the number of shares in respect of which options had been granted and outstanding under the Pre-IPO Share Option Scheme was 28,675,000 (2023: 28,675,000), representing 1.06% (2023: 1.12%) of the shares of the Company in issue at that date.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of specific categories of the options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Number of options as at 31 August	
					2024	2023
Pre-IPO Share Option	14 December 2017	15 December 2017 – 14 December 2018	15 December 2018 – 14 December 2027	6.45	8,200,000	8,200,000
	14 December 2017	15 December 2017 – 14 December 2020	15 December 2020 – 14 December 2027	6.45	2,275,000	2,275,000
	14 December 2017	15 December 2017 – 14 December 2021	15 December 2021 – 14 December 2027	6.45	9,100,000	9,100,000
	14 December 2017	15 December 2017 – 14 December 2022	15 December 2022 – 14 December 2027	6.45	9,100,000	9,100,000
					28,675,000	28,675,000

The following table discloses movements of options under the Company's Pre-IPO Share Options Scheme held by the directors of the Company and employees during the year:

Option type	Outstanding at 1 September 2022	Exercised during the year ended 31 August 2023	Outstanding at 31 August 2023	Reclassified during the year ended 31 August 2024	Outstanding at 31 August 2024
Directors					
Mr. Yu	6,500,000	–	6,500,000	(6,500,000)	–
Mr. Xie	6,500,000	–	6,500,000	(6,500,000)	–
Dr. Yu	6,500,000	–	6,500,000	–	6,500,000
Directors in aggregate	19,500,000	–	19,500,000	(13,000,000)	6,500,000
Employees in aggregate (Note)	9,425,000	(250,000)	9,175,000	13,000,000	22,175,000
Total	28,925,000	(250,000)	28,675,000	–	28,675,000
Weighted average exercise price	HK\$6.45	HK\$6.45	HK\$6.45	N/A	HK\$6.45

Note: Both Mr. Yu and Mr. Xie ceased to be executive directors of the Company with effect from 27 June 2024, but remains as employees of the Group. The aggregate 13,000,000 options entitled by Mr. Yu and Mr. Xie are included in "employees in aggregate" above as at 31 August 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Pre-IPO Share Option Scheme (Continued)

The number of options under the Company's Pre-IPO Share Options Scheme exercisable as at 31 August 2024 is 28,675,000 (2023: 28,675,000).

The weighted average remaining contractual lives of the Company's Pre-IPO share options as at 31 August 2024 is 3.29 years (2023: 4.29 years).

During the year ended 31 August 2023, the Group recognised share options expenses of RMB16 million for the remaining share options not yet vested. No expense has been recognised during the year ended 31 August 2024 under the Company's Pre-IPO Share Options Scheme.

Except for the above, no share option has been granted, cancelled or lapsed during the years ended 31 August 2024 or 2023 under the Company's Pre-IPO Share Option Scheme.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to a resolution passed on 29 November 2017 for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the directors of the Company consider, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the Listing. Under the Post-IPO Share Option Scheme, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 200,000,000, being no more than 10% of the ordinary shares in issue on the date of Listing. The overall limit on the number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the ordinary shares in issue from time to time (the "Post-IPO Option Scheme Limit"). Post-IPO Option Scheme Limit may be refreshed at any time by obtaining prior approval of the shareholders of the Company in general meeting. However, Post-IPO Option Scheme Limit cannot exceed 10% of the ordinary shares in issue as at the date of such approval.

Unless approved by the shareholders of the Company, the total number of ordinary shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of ordinary shares in issue (the "Individual Limit"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the twelve-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of shareholders of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

Where any grant of options to a substantial shareholder or independent non-executive directors of the Company (or any of their respective associates) would result in the number of ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the ordinary shares in issue; and (ii) having an aggregate value, based on the closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the shareholders of the Company in a general meeting.

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the directors of the Company may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

The period during which an option may be exercised is determined and notified by the directors of the Company to each grantee at the time of making an offer for the grant of the option and such period shall not expire later than 10 years from the date of grant of the option.

The exercise price shall be determined by the directors of the Company, but shall be not less than the greater of (i) the closing price of an ordinary share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

At 31 August 2024, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme was 3,295,000 (2023: 3,700,000), representing 0.12% (2023: 0.15%) of the Shares of the Company in issue at that date.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

Details of specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Number of options as at 31 August	
					2024	2023
Post-IPO Share Option (Batch 1)	8 March 2019	8 March 2019 – 7 March 2020	8 March 2020 – 7 March 2029	12.48	315,000	345,000
	8 March 2019	8 March 2019 – 7 March 2021	8 March 2021 – 7 March 2029	12.48	492,500	537,500
	8 March 2019	8 March 2019 – 7 March 2022	8 March 2022 – 7 March 2029	12.48	610,000	650,000
	8 March 2019	8 March 2019 – 7 March 2023	8 March 2023 – 7 March 2029	12.48	762,500	812,500
	8 March 2019	8 March 2019 – 7 March 2024	8 March 2024 – 7 March 2029	12.48	915,000	1,155,000
					3,095,000	3,500,000
Post-IPO Share Option (Batch 2)	16 December 2019	16 December 2019 – 15 December 2020	16 December 2020 – 15 December 2029	10.76	20,000	20,000
	16 December 2019	16 December 2019 – 15 December 2021	16 December 2021 – 15 December 2029	10.76	30,000	30,000
	16 December 2019	16 December 2019 – 15 December 2022	16 December 2022 – 15 December 2029	10.76	40,000	40,000
	16 December 2019	16 December 2019 – 15 December 2023	16 December 2023 – 15 December 2029	10.76	50,000	50,000
	16 December 2019	16 December 2019 – 15 December 2024	16 December 2024 – 15 December 2029	10.76	60,000	60,000
					200,000	200,000

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

The vesting of share options will be conditional on completion of specified periods of services by the grantees on the respective vesting dates.

The following table discloses movements of the Company's Post-IPO Share Options held by the employees during the year:

Option type	Outstanding at 1 September 2022	Lapsed/ cancelled during the year ended 31 August 2023	Outstanding at 31 August 2023	Lapsed/ cancelled during the year ended 31 August 2024	Outstanding at 31 August 2024
Batch 1	3,650,000	(150,000)	3,500,000	(405,000)	3,095,000
Batch 2	200,000	–	200,000	–	200,000
Employees in aggregate	3,850,000	(150,000)	3,700,000	(405,000)	3,295,000
Weighted average exercise price	HK\$12.39	HK\$12.48	HK\$12.39	HK\$12.48	HK\$12.38
Exercisable at the end of the year	1,582,500		2,435,000		3,235,000

The weighted average remaining contractual lives of the Company's Post-IPO share options as at 31 August 2024 is 4.56 years (2023: 5.56 years).

During the year ended 31 August 2023, the Group recognised RMB1 million in relation to share options granted under Post-IPO Share Option Scheme. Share options expenses recognised during the year ended 31 August 2024 under the Company's Post-IPO Share Options Scheme is insignificant.

(b) Share award scheme of the Company

The Company's share award scheme (the "Share Award Scheme") was adopted pursuant to a resolution passed on 29 November 2017. The objective of the Share Award Scheme is for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the directors of the Company considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the Listing.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

33. SHARE-BASED PAYMENTS (Continued)

(b) Share award scheme of the Company (Continued)

A share award includes all cash income from dividends in respect of those ordinary shares from the date the share award is granted to the date the share award is vested. The directors of the Company at their discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participant even though the ordinary shares have not yet vested.

Save that the directors of the Company at their discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participants even though the shares have not yet vested, the selected participant only has a contingent interest in the shares underlying an award unless and until such shares are actually transferred to the selected participant.

The maximum aggregate number of ordinary shares underlying all grants made pursuant to the Share Award Scheme (excluding ordinary shares which have been forfeited in accordance with the Share Award Scheme) is conditionally set at 40,000,000, being 2% of issued shares of the Company as of the date of the Listing (i.e. 2% of 2,000,000,000 shares) (the "Share Award Scheme Limit"). The Share Award Scheme Limit is subject to further shareholders' approval.

The directors of the Company may from time to time determine such vesting criteria and conditions or periods for the awards to be vested under the Share Award Scheme.

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested ordinary shares that may be granted to a selected participant under the Share Award Scheme.

Each grant of an award to any director of the Company or the chief executive officer shall be subject to the prior approval of the independent non-executive directors (excluding any independent non-executive directors who is a proposed recipient of the grant of share award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of shares to connected persons of the Company.

No share award has been granted since the adoption of the Share Award Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes cash and cash equivalent, structured deposits and money market funds, net of bank and other borrowings and bonds disclosed in note 30(a), convertible bonds disclosed in note 30(b) and lease liabilities disclosed in note 28, and equity attributable to the owners of the Group, comprising share capital, reserves and retained profits.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividend, new share issues, the issue of new debts as well as the repayment of the existing debts.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 August	
	2024 RMB million	2023 RMB million
Financial assets		
Mandatorily measured at FVTPL	295	570
Amortised cost	7,098	6,000
	7,393	6,570
Financial liabilities		
Amortised cost	12,865	10,848
At FVTPL	564	388
	13,429	11,236

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, restricted bank deposits, bank balances and cash, financial assets at FVTPL, trade payables, other payables, bank and other borrowings and bonds, convertible bonds and lease liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(i) Market risk

Currency risk

The Group has certain foreign currency bank balances, money market funds, convertible bonds and other borrowings denominated in HK\$, US\$, GBP and AUD, currencies other than the functional currencies of the group entities ("foreign currencies"), which expose the Group to foreign currency risk. In addition, the Group has intra-group balances with several subsidiaries denominated in foreign currencies which also expose the Group to foreign currency risk.

The carrying amounts of the Group's monetary assets and monetary liabilities and intra-group balances at the reporting date that are denominated in foreign currencies are as follows:

	Assets At 31 August		Liabilities At 31 August	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
HK\$	34	42	–	3
US\$	372	244	1,830	1,498
GBP	3	–	–	–
AUD	29	–	–	–
<i>Intra-group balances</i>				
GBP	331	248	–	–
AUD	584	605	–	–

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of relevant foreign currency against RMB.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 5% (2023: 5%) represents the reasonably possible change in foreign exchange rates if currency risk is to be assessed by key management. The sensitivity analysis includes only outstanding relevant foreign currency denominated monetary items. The sensitivity analysis adjusts their translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where the relevant foreign currency strengthens 5% (2023: 5%) against RMB. For a 5% (2023: 5%) weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

	At 31 August	
	2024 RMB million	2023 RMB million
HK\$ impact	2	2
US\$ impact	(73)	(55)
GBP impact	17	10
AUD impact	31	25

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate deposits, bank and other borrowings and bonds, convertible bonds and lease liabilities. The Group is exposed to cash flow interest rate risk through the impact of rate changes on variable interest-bearing financial assets and liabilities, mainly bank balances, short-term deposits and bank and other borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank and other borrowings, short-term deposits and bank balances at the end of the reporting period and assumed that the amount outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis point increase or decrease for bank balances, while 50 basis point increase or decrease for variable-rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 or 50 basis points higher/lower for bank balances and bank and other borrowings, respectively, and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB23 million (2023: RMB16 million). This is mainly attributable to the Group's exposure to interest rates on its bank balances, short-term deposits and bank and other borrowings with variable rate.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Other price risk

The Group's exposure of price risk on structured deposits and money market funds was limited because maturity periods of these investments are short and corresponding fluctuations are minimal.

(ii) Credit risk and impairment assessment

As at 31 August 2024 and 2023, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and loan commitment.

In order to minimise the credit risk on trade receivables, deposits and other receivables, loan receivables and commitment, management makes periodic collective assessments as well as individual assessment on the recoverability of receivables based on historical settlement records and past experience. In addition, the Group performs impairment assessment under ECL model on the trade receivables from students based on provision matrix, while assesses the ECL of receivables from educational bureaus individually. In this regard, the directors of the Company believe there is no material credit risk inherent in the Group's outstanding balances of trade receivables and deposits and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of students.

Impairment assessment on trade receivables from students and receivables from educational bureaus

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for not credit-impaired trade receivables. Trade receivables from students are considered to be credit-impaired when the students drop out from the tuition programmes and are assessed individually for lifetime ECL provision.

Management assessed the expected loss on trade receivables from students grouped based on the ageing of the trade receivables, taking into account the historical default experience and forward-looking information, as appropriate.

The Group assessed the loss allowances for receivables from educational bureaus with gross carrying amount as set out in note 20 on lifetime ECL basis individually. In determining the ECL for receivables from educational bureaus, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding receivables from educational bureaus are insignificant.

In addition, the directors of the Company are of the opinion that there has no default occurred for (i) trade receivables aged over 90 days for students that are not dropped out from schools as the tuition fees and boarding fees will be fully received upon the graduation of the students by reference to past experience, and (ii) receivables from educational bureaus overdue over 90 days are not default as payment from educational bureaus may take long administrative process based on historical experience.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for students in relation to its private higher vocational education and secondary vocational education because these customers consist of a large number of students with common risk characteristics that are representative of the students' abilities to pay all amounts due in accordance with the contractual terms. The exposure to credit risk for trade receivables (gross carrying amount) are assessed collectively based on provision matrix within lifetime ECL (not credit-impaired). The estimated average loss rates are based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about trade receivables is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Impairment assessment on deposits and other receivables/restricted bank deposits/bank balances/loan receivables and loan commitment

The Group assessed the loss allowances for the following items on 12m ECL basis:

	Gross carrying amount At 31 August	
	2024 RMB million	2023 RMB million
Deposits and other receivables (note 20)	216	302
Loan receivables (note 20)	330	246
Amounts due from a vendor of acquired schools (note 20)	187	174
Restricted bank deposits (note 22)	93	55
Bank balances (note 22)	6,238	5,177

The management of the Group considers the restricted bank deposits and most of the bank balances that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers these restricted bank deposits, short-term deposits and bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance was considered as insignificant.

At 31 August 2024, the Group provided impairment allowance on other receivables and loan receivables and loan commitment on 12m ECL individually.

In determining the ECL for deposits and other receivables and those bank balances deposited at financial institutions other than graded in the top credit rating agencies, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition and the Group provided impairment based on 12m ECL.

In determining the ECL for loan receivables, the management of the Group has taken into account the default rates benchmarking equivalent instruments from independent data sources and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding loan receivables is insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank and other borrowings and bonds and convertible bonds as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month RMB million	1-3 months RMB million	3 months to 1 year RMB million	1-5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
At 31 August 2024								
Non-derivative financial liabilities								
Trade payables	-	41	-	-	-	-	41	41
Other payables	-	2,187	10	30	20	-	2,247	2,221
Long term construction cost payables for school premises	-	1	3	14	248	1,598	1,864	564
Deferred cash considerations	4.09	366	-	-	-	-	366	366
Bank borrowings								
— fixed-rate	5.40	154	16	354	789	-	1,313	1,196
— variable-rate	4.58	7	277	771	3,348	3,594	7,997	6,405
Other borrowings								
— fixed-rate	8.72	129	54	280	325	-	788	742
— variable-rate	8.22	43	107	128	560	296	1,134	889
Guaranteed Bonds								
— fixed-rate	4.00	13	13	523	523	-	1,072	1,005
Lease liabilities	6.97	2	3	15	100	11	131	128
Total		2,943	483	2,115	5,913	5,499	16,953	13,557

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

	Weighted average effective interest rate %	On demand or less than 1 month RMB million	1-3 months RMB million	3 months to 1 year RMB million	1-5 years RMB million	Over 5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount RMB million
At 31 August 2023								
Non-derivative financial liabilities								
Trade payables	-	52	-	-	-	-	52	52
Other payables	-	1,693	10	35	71	-	1,809	1,806
Long term construction cost payables for school premises	-	-	-	-	193	1,176	1,369	385
Deferred cash considerations	4.09	387	-	-	-	-	387	387
Bank borrowings								
— fixed-rate	5.61	150	2	485	970	141	1,748	1,537
— variable-rate	5.65	-	317	403	3,423	2,547	6,690	4,752
Other borrowings								
— fixed-rate	8.76	29	81	276	433	63	882	809
— variable-rate	8.20	9	23	257	263	-	552	509
Guaranteed Bonds								
— fixed-rate	4.00	-	20	20	1,060	-	1,100	996
Convertible bonds	2.00	-	-	3	-	-	3	3
Lease liabilities	5.70	2	5	22	48	26	103	73
Total		2,322	458	1,501	6,461	3,953	14,695	11,309

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liability are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments	Fair value At 31 August		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2024	2023				
	RMB million	RMB million				
Financial assets						
Financial assets at FVTPL (Structured deposits)	295	307	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return and discounted at a rate that reflects the credit risk of various counterparties.	Estimated return and discount rate	The higher the estimated return, the higher the fair value, vice versa (Note (i)) The higher the discount rate, the lower the fair value, vice versa (Note (i))
Financial assets at FVTPL (Money market funds)	-	263	Level 2	Quoted price from financial institutions	N/A	N/A
Financial liabilities						
Financial liabilities designated as at FVTPL (Convertible bonds)	-	3	Level 3	Binomial model, the key inputs are: — underlying share price, conversion price, risk free interest rate, time to maturity, expected volatility of share price, discount rate, and expected dividend yield.	Expected volatility of share price and discount rate taking into account the historical share price of the Company for the period of time close to the expected time to exercise	The higher the volatility, the higher the fair value, vice versa (Note (i)) The higher the discount rate, the lower the fair value, vice versa (Note (i))
Long term construction cost payables for school premises	564	385	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated cash outflow and discounted at an appropriate rate.	Expected cash outflow and discount rate	The higher the expected cash outflow, the higher the fair value, vice versa (Note (ii)) The higher the discount rate, the lower the fair value, vice versa (Note (iii))

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Notes:

- i. No sensitivity analysis has been presented as changes in fair values due to changes in the unobservable inputs above are insignificant.
- ii. As at 31 August 2024, if the expected variable cash outflow was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction cost payables for school premises would increase/decrease by RMB8 million/RMB8 million (31 August 2023: RMB5 million/RMB4 million), respectively.
- iii. As at 31 August 2024, if the discount rate was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction cost payables for school premises would decrease/increase by RMB24 million/RMB25 million (31 August 2023: RMB17 million/RMB18 million), respectively.

There were no transfers into or out of Level 3 during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 Measurements

The following table presents the reconciliation of Level 3 measurements of the financial assets (liabilities) during the year:

	Structured deposits RMB million	Convertible bonds RMB million	Deferred cash considerations RMB million	Long-term construction cost payables for school premises RMB million	Total RMB million
At 1 September 2022	198	(3)	(7)	(385)	(197)
Settlement of contingent considerations	-	-	7	-	7
Settlement of long-term construction cost payables for school premises	-	-	-	39	39
Fair value change	-	-*	-	(39)	(39)
Purchase of structured deposits	1,130	-	-	-	1,130
Redemption of structured deposits	(1,033)	-	-	-	(1,033)
Net gain on structured deposits	12	-	-	-	12
At 31 August 2023	307	(3)	-	(385)	(81)
Settlement of contingent considerations	-	-	-	-	-
Addition of long-term construction cost payables for school premises	-	-	-	(179)	(179)
Settlement of long-term construction cost payables for school premises	-	-	-	39	39
Fair value change	-	-*	-	(39)	(39)
Redemption of convertible bonds	-	3	-	-	3
Purchase of structured deposits	1,037	-	-	-	1,037
Redemption of structured deposits	(1,061)	-	-	-	(1,061)
Net gain on structured deposits	12	-	-	-	12
At 31 August 2024	295	-	-	(564)	(269)

* Less than RMB1 million

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 Measurements (Continued)

Fair value changes on structured deposits, deferred cash consideration and long-term construction cost payables are presented in "other gains and losses" line item while fair value change on convertible bonds is presented separately in the consolidated statement of profit or loss and other comprehensive income.

The board of directors of the Company designates a team headed by the chief financial officer of the Company to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation. The finance team of the Group works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports to the board of directors of the Company when needed to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(iii) Fair value of the Group's financial assets and liabilities that are recorded at amortised cost

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

36. CAPITAL COMMITMENTS

	At 31 August	
	2024 RMB million	2023 RMB million
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and right-of-use assets	1,044	986

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Deferred cash considerations	Dividends payable	Guaranteed Bonds	Bank borrowings	Other borrowings	Interest payable	Convertible bonds	Lease liabilities	Long-term construction cost payables for school premises	Amount due to connected entities of a non-controlling interest	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 September 2022	423	-	495	6,448	1,945	27	3	93	385	19	9,838
Financing cash flows (Note)	-	(1,217)	459	(205)	(646)	(473)	-	(29)	(39)	-	(2,150)
New leases entered	-	-	-	-	-	-	-	5	-	-	5
Capitalisation of finance cost	-	-	-	-	-	67	-	-	-	-	67
Dividend recognised as distribution	-	1,217	-	-	-	-	-	-	-	-	1,217
Exchange difference recognised in profit or loss	-	-	-	46	19	-	-	-	-	-	65
Settlement of deferred consideration	(36)	-	-	-	-	-	-	-	-	-	(36)
Fair value loss	-	-	-	-	-	-	-	-	39	-	39
Finance cost recognised	-	-	42	-	-	420	-	4	-	-	466
At 31 August 2023	387	-	996	6,289	1,318	41	3	73	385	19	9,511
Financing cash flows (Note)	(37)	(243)	(52)	1,322	314	(492)	(3)	(36)	(39)	(5)	729
New leases entered	-	-	-	-	-	-	-	84	-	-	84
Capitalisation of finance cost	-	-	-	-	-	90	-	-	-	-	90
Dividend recognised as distribution	-	833	-	-	-	-	-	-	-	-	833
Consideration payable on further acquisition of interest in a subsidiary	37	-	-	-	-	-	-	-	-	-	37
Exchange difference recognised in profit or loss	-	4	-	(10)	(1)	-	-	-	-	-	(7)
Settlement of deferred consideration	(21)	-	-	-	-	-	-	-	-	-	(21)
Issue of shares	-	(594)	-	-	-	-	-	-	-	-	(594)
Fair value loss	-	-	-	-	-	-	-	-	39	-	39
New recognition of construction cost payable	-	-	-	-	-	-	-	-	179	-	179
Finance cost recognised	-	-	61	-	-	402	-	7	-	-	470
At 31 August 2024	366	-	1,005	7,601	1,631	41	-	128	564	14	11,350

Note: The cash flows for (i) bank and other borrowings represent the addition and repayment of borrowings, (ii) Guaranteed Bonds represent the addition and repayment of bonds and (iii) convertible bonds represent the interest paid, redemption and repurchase of convertible bonds during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

38. RELATED PARTIES DISCLOSURES

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the year are as follows:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Short-term benefits	10	13
Share-based payments	–	13
	10	26

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Directly owned					
China Education Group Holdings (BVI) Limited	17 May 2017 British Virgin Islands ("BVI")	US\$100	100%	100%	Investment holding
Indirectly owned					
China Education Group (Hong Kong) Limited	25 May 2017 Hong Kong	HK\$100	100%	100%	Investment holding
Huajiao Education (Note i)	13 June 2017 The PRC	HK\$2,700,000,000	100%	100%	Provision of educational consultancy services
Incentive Elite (Hong Kong) Limited	17 December 2018 Hong Kong	HK\$100	100%	100%	Investment Holding
King's Own Institute	7 August 2008 Australia	AUD7,000	100%	100%	Provision of education services in international market
Aspen Higher Education Pty Ltd	5 May 2015 Australia	AUD1,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Indirectly owned (Continued)					
Admiral One International Limited	18 May 2021 BVI	US\$1	100%	100%	Investment holding
London Education Group Limited	19 February 2020 BVI	US\$1	100%	100%	Investment holding
China Education Group (UK) Limited	19 February 2020 United Kingdom	HK\$100	100%	100%	Investment holding
Saipolo HK Limited	20 August 2020 Hong Kong	HK\$10,000	100%	100%	Investment holding
Saipolo Limited	9 July 2020 BVI	US\$50,000	100%	100%	Investment holding
Long Link	17 September 1991 Hong Kong	HK\$10,000	100%	100%	Investment holding
Sichuan Jincheng Zhishan Technology Co., Ltd. 四川錦城至善科技有限公司 (Note ii)	16 March 2021 The PRC	RMB44,746,616	51%	51%	Provision of education consulting services
Sichuan Jincheng Industrial Development Co., Ltd. 四川錦城實業發展有限公司 ("Sichuan Jincheng") (Note ii)	2 November 2004 The PRC	RMB73,640,000	51%	51%	Provision of education consulting services
Chengdu Jincheng College 成都錦城學院(Note ii)	9 March 2005 The PRC	RMB70,000,000	51%	51%	Provision of education services in domestic market
Sichuan Jincheng Jiachuang Enterprise Management Co., Ltd. 四川錦城佳創企業管理有限公司 (Note ii)	26 January 2021 The PRC	RMB2,000,000	51%	51%	Provision of education consulting services

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Indirectly owned and controlled through contractual arrangement (Note iv)					
Jiangxi University of Technology 江西科技學院 (Note iii)	26 July 1999 The PRC	RMB51,680,000	100%	100%	Provision of education services in domestic market
Guangdong Baiyun University 廣東白雲學院 (Note iii)	12 March 1999 The PRC	RMB130,000,000	100%	100%	Provision of education services in domestic market
Baiyun Technician College 廣州市白雲工商技師學院 (Note iii)	9 April 1996 The PRC	RMB60,000,000	100%	100%	Provision of education services in domestic market
Huafang Education Investment Group (Ganzhou) Company Limited 華方教育投資集團(贛州)有限公司 (Note ii)	2 August 2017 The PRC	RMB60,000,000	100%	100%	Provision of education consulting services
Lihe Education Consulting (Ganzhou) Company Limited 禮和教育諮詢(贛州)有限公司 (Note ii)	26 July 2017 The PRC	RMB60,000,000	100%	100%	Provision of education consulting services
Lishang Education Consulting (Ganzhou) Company Limited (Note ii)	22 December 2017 The PRC	RMB4,800,000	100%	100%	Provision of education consulting services
Youxin Education Consulting (Guangzhou) Company Limited 有信教育諮詢(廣州)有限公司 (Note ii)	4 June 2018 The PRC	RMB50,000,000	100%	100%	Provision of education consulting services
Guangzhou Bangrui Education Investment Company Limited 廣州邦瑞教育投資有限公司 (Note ii)	9 January 2017 The PRC	RMB50,000,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Indirectly owned and controlled through contractual arrangement (Note iv) (Continued)					
Zengcheng Songtian Enterprise Company Limited 增城市松田實業有限公司 (Note ii)	20 January 1994 The PRC	RMB20,000,000	100%	100%	Investment holding
Guangzhou College of Applied Science and Technology 廣州應用科技學院 (Note iii)	14 June 2007 The PRC	RMB20,000,000	100%	100%	Provision of education services in domestic market
Guangzhou Songtian Polytechnic College 廣州松田職業學院 (Note iii)	6 September 2007 The PRC	RMB20,000,000	100%	100%	Provision of education services in domestic market
Junshi Education Consulting (Ganzhou) Company Ltd. 君時教育諮詢(贛州)有限公司 (Note ii)	22 December 2017 The PRC	RMB50,000,000	100%	100%	Provision of education consulting services
Shuren Education Management Company Limited 樹仁教育管理有限公司 (Note ii)	6 December 2017 The PRC	RMB150,000,000	100%	100%	Investment holding
Zhengzhou Urban Transit School 鄭州城軌交通中等專業學校 (Note iii)	25 October 2010 The PRC	RMB100,000,000	100%	100%	Provision of education services in domestic market
Shangzhi Education Consulting (Ganzhou) Company Ltd. 上智教育諮詢(贛州)有限公司 (Note ii)	21 December 2017 The PRC	RMB200,000,000	100%	100%	Provision of education consulting services
Ganzhou Xitie Education Consulting Company Limited (贛州西鐵教育諮詢有限公司) ("Ganzhou Xitie") (Note ii)	5 March 2018 The PRC	RMB6,450,000	100%	90%	Provision of education consulting services

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Indirectly owned and controlled through contractual arrangement (Note iv) (Continued)					
Shaanxi Xitie Education Investing Company Limited 陝西西鐵教育諮詢有限公司 (Note ii)	12 August 2011 The PRC	RMB6,450,000	100%	90%	Investment holding
Xi'an Railway Technician College 西安鐵道技師學院 (Note iii)	24 July 2007 The PRC	RMB50,000,000	100%	90%	Provision of education services in domestic market
Huojiao Education Investing Management (Ganzhou) Company Limited (Note ii)	21 December 2017 The PRC	RMB20,000,000	100%	100%	Investment holding
Renjing Education Consulting (Ganzhou) Company Limited (Note ii)	18 April 2018 The PRC	RMB100,000,000	100%	100%	Investment holding
Yantai Institute of Science and Technology 烟台科技學院 (Note iii)	23 August 2005 The PRC	RMB18,244,300	100%	100%	Provision of education services in domestic market
Lexian Education Consulting (Ganzhou) Company Limited (Note ii)	18 April 2018 The PRC	RMB200,000,000	100%	100%	Investment holding
Chongqing Institute of Foreign Studies 重慶外語外事學院 (Note iii)	25 July 2003 The PRC	RMB80,000,000	100%	100%	Provision of education services in domestic market
Yantai Haijun Property Limited (Note ii)	7 December 2009 The PRC	RMB142,582,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August		Principal activities
			2024	2023	
Indirectly owned and controlled through contractual arrangement (Note iv) (Continued)					
Hainan Saipolo Education Technology Company Limited 海南塞波羅教育科技有限公司 (Note ii)	1 September 2020 The PRC	RMB5,000,000	100%	100%	Investment holding
Hainan Cyber Education Group Company Limited 海南賽伯樂教育集團有限公司 ("Hainan Cyber Education") (Note ii)	21 October 1999 The PRC	RMB300,000,000	60%	60%	Investment holding
Haikou University of Economics 海口經濟學院(Note iii)	20 June 2008 The PRC	RMB300,000,000	60%	60%	Provision of education services in domestic market
Affiliated Art School of Haikou University of Economics 海口經濟學院附屬藝術學校 (Note iii)	10 August 2005 The PRC	RMB1,500,000	60%	60%	Provision of education services in domestic market
Hainan Zhengyuan Property Service Co., Limited 海南正元物業服務有限公司 (Note ii)	14 January 2009 The PRC	RMB2,000,000	60%	60%	Provision of management services
Haijing Cyber Education Services Co., Limited 海南賽伯樂教育服務有限公司 (Note ii)	29 December 2008 The PRC	RMB300,000,000	60%	60%	Provision of education consulting services

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Notes:

- i. This subsidiary is a wholly foreign owned enterprise established in the Mainland China.
- ii. These subsidiaries are limited liability companies established in the Mainland China.
- iii. These subsidiaries are schools established in the Mainland China.
- iv. Due to regulatory restrictions on foreign ownership in the schools in the Mainland China, the Company does not have any equity interest in these entities (collectively known as "Consolidated Affiliated Entities"). However, as a result of the contractual arrangements entered by a wholly-owned subsidiary of the Company, Huajiao Education, with the Consolidated Affiliated Entities, the Controlling Equity Holders and other relevant parties (collectively the "Contractual Arrangements"), 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 and their financial positions and results are included in the consolidated financial statements for the years ended 31 August 2024 and 2023.

The following balances and amounts of the Consolidated Affiliated Entities were included in the consolidated financial statements:

	Year ended 31 August	
	2024 RMB million	2023 RMB million
Revenue	5,733	4,866
Profit before taxation	1,917	1,545

	At 31 August	
	2024 RMB million	2023 RMB million
Non-current assets	26,533	22,914
Current assets	5,962	5,208
Current liabilities	9,533	7,227
Non-current liabilities	7,068	6,105

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

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(b) Non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Accumulated non-controlling interests	
		At 31 August		At 31 August	
		2024	2023	2024 RMB million	2023 RMB million
Ganzhou Xitie and its subsidiaries (collectively "Xi'an Education Group")	Mainland China	–	10%	–	123
Hainan Cyber Education and its subsidiaries (collectively "Hainan Education Group")	Mainland China	40%	40%	920	787
Sichuan Jincheng and its subsidiaries (collectively "Sichuan Education Group")	Mainland China	49%	49%	1,765	1,820
				2,685	2,730

The Group further acquired the remaining 10% from the non-controlling interests of Xi'an Education Group during the year ended 31 August 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(b) Non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Hainan Education Group At 31 August		Sichuan Education Group At 31 August	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
Non-current assets	4,286	3,631	4,027	4,332
Current assets	807	667	755	581
Current liabilities	(1,756)	(1,521)	(623)	(532)
Non-current liabilities	(1,801)	(1,573)	(627)	(738)
Equity attributable to owners of the Company	616	417	1,767	1,823
Non-controlling interests	920	787	1,765	1,820

	Hainan Education Group Year ended 31 August		Sichuan Education Group Year ended 31 August	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
Revenue	1,138	949	602	530
Net cash inflow (outflow) from:				
— operating activities	870	779	487	331
— investing activities	(770)	(250)	(395)	(234)
— financing activities	63	(216)	1	—
	163	313	93	97

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 August	
	2024 RMB million	2023 RMB million
NON-CURRENT ASSETS		
Property, plant and equipment	–	1
Investment in a subsidiary	4,920	4,846
Amount due from subsidiaries	2,552	2,798
	7,472	7,645
CURRENT ASSETS		
Bank balances and cash	9	–
Amount due from a subsidiary	710	275
Other receivables	–	25
	719	300
CURRENT LIABILITIES		
Other payables	8	7
Other borrowings and bonds	667	171
Amounts due to subsidiaries	13	14
Convertible bonds	–	3
	688	195
NET CURRENT ASSETS	31	105
TOTAL ASSETS LESS CURRENT LIABILITIES	7,503	7,750
NON-CURRENT LIABILITY		
Other borrowings and bonds	1,139	1,150
	1,139	1,150
NET ASSETS	6,364	6,600
CAPITAL AND RESERVES		
Share capital	–*	–*
Reserves	6,364	6,600
	6,364	6,600

* Less than RMB1 million.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2024

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB million	Share options reserve RMB million	Deferred consideration shares RMB million	Retained profits RMB million	Total RMB million
At 1 September 2022	6,013	92	229	281	6,615
Loss and total comprehensive expense	-	-	-	(201)	(201)
Dividends recognised as distribution (note 12)	(1,217)	-	-	-	(1,217)
Issue of shares (note 31)	1,415	-	-	-	1,415
Transaction costs attributable to issue of shares (note 31)	(9)	-	-	-	(9)
Issue of consideration shares (note 31)	229	-	(229)	-	-
Repurchase of shares (note 31)	(20)	-	-	-	(20)
Recognition of equity-settled share-based payments	-	17	-	-	17
At 31 August 2023	6,411	109	-	80	6,600
Profit and total comprehensive expense	-	-	-	3	3
Dividends recognised as distribution (note 12)	(833)	-	-	-	(833)
Issue of shares (note 31)	594	-	-	-	594
Recognition of equity-settled share-based payments	-	-*	-	-	-
At 31 August 2024	6,172	109	-	83	6,364

* Less than RMB1 million.

Financial Summary

RESULTS

	Year ended 31 August				
	2020 RMB million	2021 RMB million	2022 RMB million	2023 RMB million	2024 RMB million
Revenue	2,678	3,682	4,756	5,616	6,579
Cost of revenue	(1,077)	(1,507)	(2,002)	(2,452)	(2,935)
Gross profit	1,601	2,175	2,754	3,164	3,644
Profit before taxation	730	1,511	1,969	1,561	500
Profit for the year	710	1,472	1,936	1,541	502
Adjusted net profit (Note i)	1,061	1,634	1,891	2,077	2,242

Note i: Adjusted net profit was derived from the profit for the year after adjusting for foreign exchange gain/loss, share-based payments, imputed interest on deferred cash considerations, fair value change on convertible bonds, one-off and other current period expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax.

OPERATIONAL DATA

	Year ended 31 August				
	2020	2021	2022	2023	2024
Total student enrollment	180,179	240,004	304,487	319,824	307,924
Total number of schools	11	13	14	14	14
Estimated total capacity for students	192,275	261,962	317,131	350,562	378,205

Financial Summary

ASSETS AND LIABILITIES

	At 31 August				
	2020 RMB million	2021 RMB million	2022 RMB million	2023 RMB million	2024 RMB million
Non-current assets	12,934	20,870	27,401	28,781	31,059
Current assets	5,041	5,876	6,175	6,973	7,764
Current liabilities	(3,379)	(8,492)	(7,613)	(8,232)	(10,388)
Net current assets (liabilities)	1,662	(2,616)	(1,438)	(1,259)	(2,624)
Total assets less current liabilities	14,596	18,254	25,963	27,522	28,435
Equity attributable to owners of the Company	8,573	10,920	14,008	15,574	15,848
Non-controlling interests	334	837	2,569	2,730	2,685
Total equity	8,907	11,757	16,577	18,304	18,533
Non-current liabilities	5,689	6,497	9,386	9,218	9,902
Total equity and non-current liabilities	14,596	18,254	25,963	27,522	28,435

Selected Major Items	At 31 August				
	2020 RMB million	2021 RMB million	2022 RMB million	2023 RMB million	2024 RMB million
Property, plant and equipment	6,847	12,126	15,700	17,668	21,706
Goodwill and other intangible assets	4,091	6,432	8,935	8,467	6,578
Bank balances and cash	3,443	3,327	4,793	5,177	6,238
Bank and other borrowings and bonds	2,679	6,091	8,888	8,603	10,237
Convertible bonds	2,428	2,244	3	3	–
Contract liabilities	1,239	2,266	3,178	3,821	4,635

Indicator	At 31 August				
	2020	2021	2022	2023	2024
Debt to asset ratio (Note ii)	28.4%	31.2%	26.5%	24.1%	26.4%

Note ii: The debt to asset ratio was calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds to total assets of the Group.

Glossary

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Bangrui Education"	Guangzhou Bangrui Education Investment Company Limited (廣州邦瑞教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Blue Sky"	Blue Sky Education International Limited (藍天教育國際有限公司), a controlling shareholder of the Company
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Company"	China Education Group Holdings Limited (中國教育集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Huajiao Education, Mr. Yu, Mr. Xie, Dr. Yu Kai and the relevant consolidated affiliated entities
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Ganzhou Xitie Education"	Ganzhou Xitie Education Consulting Company Limited (贛州西鐵教育諮詢有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities

Glossary

"Group", "we", "us", or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Hainan Cyber Education"	Hainan Cyber Education Group Co., Ltd. (海南賽伯樂教育集團有限公司), a company incorporated in the PRC with limited liability and a 60% owned consolidated affiliated entity of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huafang Education"	Huafang Education Investment Group (Ganzhou) Company Limited (華方教育投資集團(贛州)有限公司), one of our consolidated affiliated entities
"Huajiao Education" or "WFOE"	Huajiao Education Technology (Jiangxi) Company Limited (華教教育科技(江西)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"independent third party(ies)"	any entity(ies) or persons who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"INED"	independent non-executive directors
"Junshi Education"	Junshi Education Consulting (Ganzhou) Company Limited (君時教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"King's Own Institute" or "KOI"	Australian Institute of Business and Management Pty Ltd (trading as King's Own Institute), a company incorporated in New South Wales, Australia and our member school in Australia
"Lexian Education"	Lexian Education Consulting (Ganzhou) Company Limited (樂賢教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Lihe Education"	Lihe Education Consulting (Ganzhou) Company Limited (禮和教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Lishang Education"	Lishang Education Consulting (Ganzhou) Company Limited (禮尚教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date

Glossary

“Listing Date”	15 December 2017, the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“Mr. Xie”	Mr. Xie Ketao (謝可滔), a controlling shareholder of the Company
“Mr. Yu”	Mr. Yu Guo (于果), a controlling shareholder of the Company
“Nanchang Jiangke”	Nanchang Jiangke Education Investment Co., Ltd. (南昌江科教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Renjing Education”	Renjing Education Consulting (Ganzhou) Company Limited (仁敬教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shaanxi Xitie Education”	Shaanxi Xitie Education Investment Company Limited (陝西西鐵教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Shandong Dazhong Cultural”	Shandong Dazhong Cultural Industry Investment Limited (山東大眾文化產業投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Shangzhi Education”	Shangzhi Education Consulting (Ganzhou) Company Limited (上智教育諮詢(贛州)有限公司), one of our consolidated affiliated entities
“Shareholder(s)”	holder(s) of our Share(s)
“Shares”	ordinary shares in our Company of par value HK\$0.00001 each

Glossary

“Shuren Education”	Shuren Education Management Company Limited (樹仁教育管理有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Shuzhi Education”	Shuzhi Education Consulting (Ganzhou) Co., Ltd. (術智教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Songtian Company”	Zengcheng Songtian Enterprise Company Limited (增城市松田實業有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“White Clouds”	White Clouds Education International Limited (白雲教育國際有限公司), a controlling shareholder of the Company
“Youxin Education”	Youxin Education Consulting (Guangzhou) Company Limited (有信教育諮詢(廣州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
“%”	per cent

The English names of the PRC entities, PRC laws or regulations, PRC awards/accreditations, and the PRC governmental authorities referred to in this annual report are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.